

***United States Court of Appeals
for the
District of Columbia Circuit***



**TRANSCRIPT OF
RECORD**

BRIEF FOR APPELLANTS AND JOINT APPENDIX

United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 14,929

COMMISSARIAT A L'ENERGIE ATOMIQUE
JEAN HENRI HALBAN,
JEAN FREDERIC JOLIOT
and
LEW KOWARSKI,

Appellants,

v.

ROBERT C. WATSON,
COMMISSIONER OF PATENTS,
ARTHUR W. CROCKER,
FIRST ASSISTANT COMMISSIONER OF PATENTS
and
SINCLAIR WEEKS,
SECRETARY OF COMMERCE,

Appellees

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

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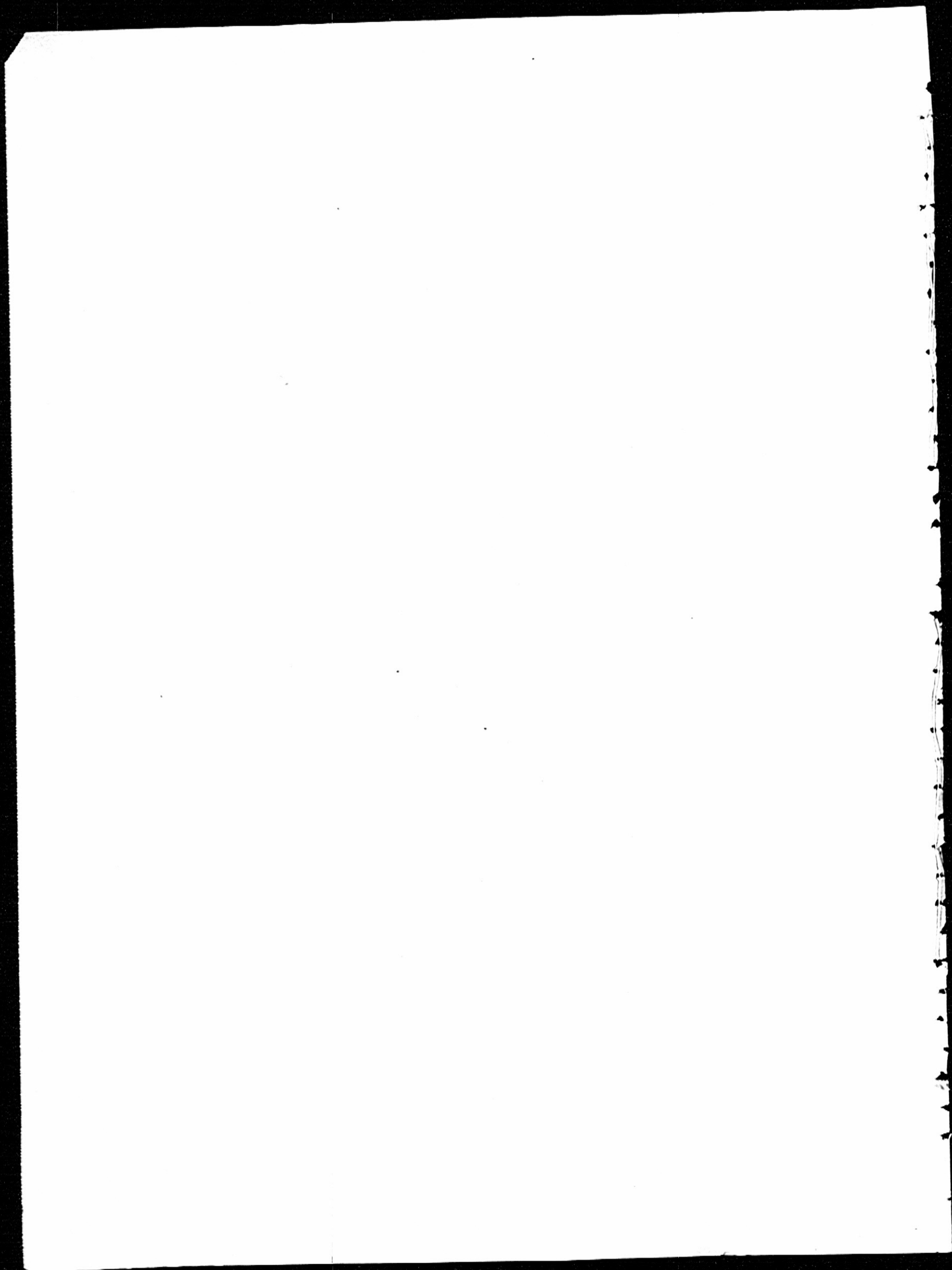
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United States Court of Appeals
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For the
Circuit

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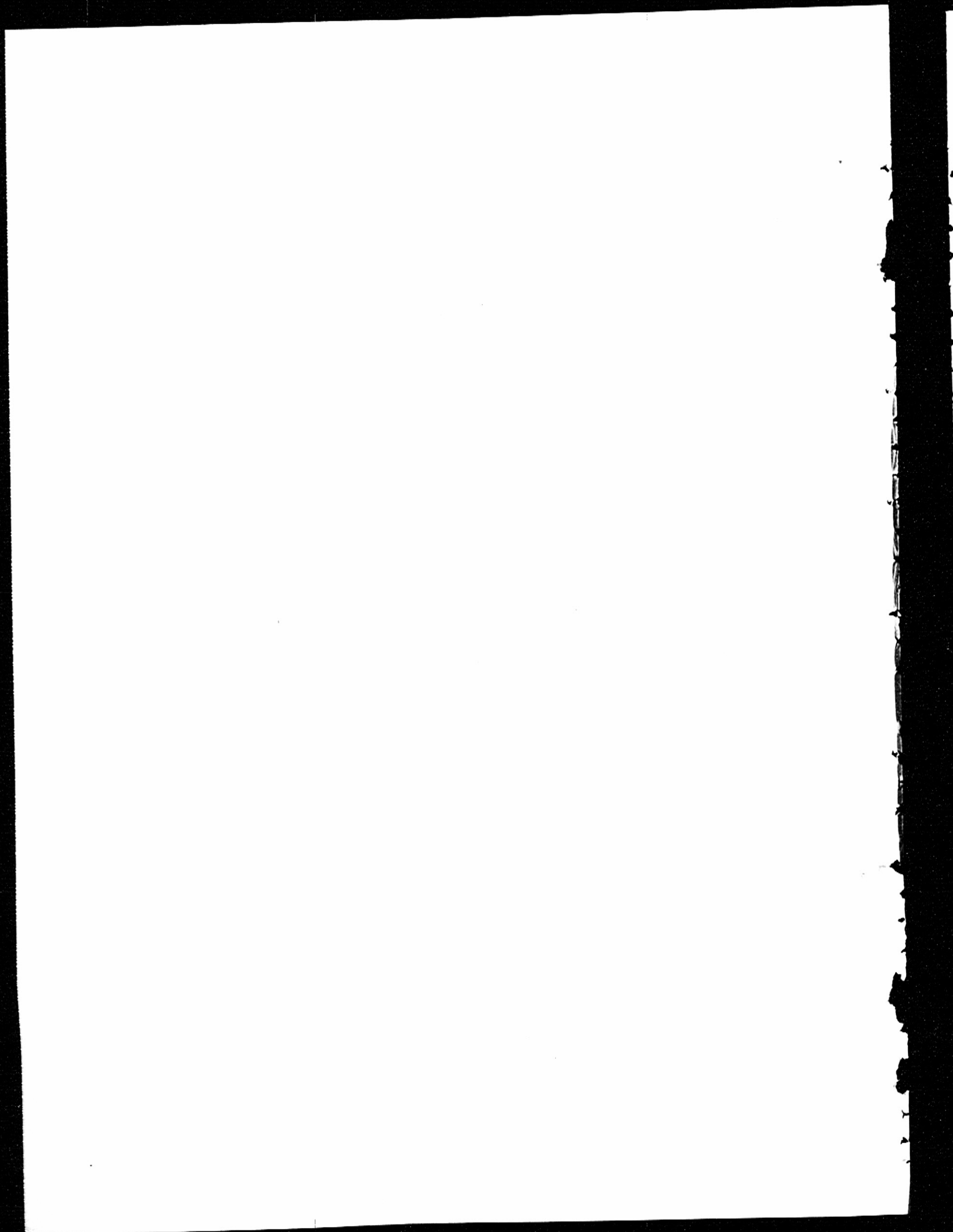
QUESTIONS PRESENTED

The complaint, brought by an agency of the French Government, seeks to review actions of the Commissioner of Patents refusing to revive, and confirming the final denial of, an application for patent for a method and device for producing nuclear energy. It alleges, inter alia,

- (a) That the Commissioner of Patents failed to make the determination committed to him by 35 U.S.C. 133;
- (b) That the Commissioner has conditioned appellants' statutory privilege of revival on their satisfaction of a further requirement not authorized by law;
- (c) That the effect of the Commissioner's action is to hold appellants in default for failing to produce evidence which the laws of the United States prohibited them from producing;
- (d) That the total effect of the Patent Office actions in this case is to deny appellants a fair hearing on their application for patent.

The questions presented are:

1. Whether the District Court had jurisdiction of the complaint.
2. Whether the District Court erred in basing its decision on statements of counsel at the oral argument, which quoted or paraphrased selected excerpts from a patent office record which was not before the Court.
3. Whether the complaint states claims on which relief can be granted.



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APPEAL FROM THE UNITED STATES DISTRICT COURT
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BRIEF FOR APPELLANTS

JURISDICTIONAL STATEMENT

Jurisdiction of the District Court was founded on the Judiciary Act, 28 U.S.C. 1331, the Administrative Procedure Act, 5 U.S.C. 1009, and the Patent Laws, 35 U.S.C. Sec. 145. The basis on which it is

contended the District Court had jurisdiction is more fully set forth in Point I of this Brief, infra.p.20. The judgment of the District Court was a final judgment dismissing the Complaint, and hence jurisdiction of this Court is founded on 28 U.S.C. 1291. The judgment of the District Court was entered October 22, 1958. (J.A. 50) Notice of Appeal was filed December 20, 1958 (J.A. 51), i.e. within 60 days of the judgment as is provided by Rule 73 in cases where an office or agency of the United States is a party.¹

STATEMENT OF THE CASE

1. PROCEEDINGS BELOW

This is an appeal from an order of Judge Tamm, granting defendants' motion to dismiss the complaint. (J.A. 50)

The complaint (J.A. 1) seeks appropriate relief from action of the Patent Office which, in its totality, is alleged to constitute a denial to plaintiffs of letters patent upon their invention of a method and apparatus for achieving a controlled nuclear reaction. The proceedings in the Patent Office are complex and the basis for that Office's action has never been clearly identified. Accordingly, the complaint pleads several alternative theories on which relief should be granted.

The immediate action complained of is a refusal to grant to appellants the benefit of the revival statute, 35 U.S.C. Sec. 133, which provides that, notwithstanding the failure of a patent applicant to take necessary action before the Patent Office within the time specified by statute or rule, the application may be revived if it is "shown to the satisfaction

¹ Appeal was likewise taken in a companion case, No. 14,930, involving the same parties. By order of this Court dated February 25, 1959, entered on stipulation, it was ordered that the decision in case No. 14,930 abide the decision in the present case. A related appeal, involving another patent application of these inventors, is presently pending before the Court of Customs and Patent Appeals, Application of Joliot, Halban and Kowarski, No. 6514, filed January 26, 1959.

of the Commissioner that such delay (in prosecuting the application) was unavoidable." In the present case, appellants' application was held to have been abandoned by the Alien Property Custodian in 1950. Control of the application was returned to appellants in 1954; they petitioned in 1955 to revive the application; and this petition for revival has been denied. Counts I-III of the complaint assert that that denial was erroneous, and was arbitrary and capricious. Specifically, they assert that the Commissioner, although requested to do so, has failed to determine that the delay in prosecuting the application could have been avoided (Count I); that he has improperly based his refusal to revive the application, not on any question of laches or delay, but on a determination that on the merits appellants are not entitled to a patent, thereby frustrating appellants' right to the determination of the Board of Appeals and the courts on all questions of substantive patentability (Count II); and that under the circumstances shown, any determination that appellants could have avoided the delay in prosecuting their application would have been arbitrary and capricious. This allegation is supported by allegation that, until 1955, appellants were prohibited by secrecy requirements of the Atomic Energy Act from presenting the evidence needed to meet the grounds of rejection urged by the Board of Appeals. (Count III)

Together with their petition for revival, appellants filed a petition for reconsideration and submitted extensive new evidence in support of their application. This evidence was submitted in response to grounds of rejection which had for the first time been urged in 1949 and 1950, and to which appellants had had no opportunity to respond, in view of the fact that their application had been vested by the Alien Property Custodian. Count IV alleges that, to the extent that the Patent Office action amounts to a denial of appellants' petition for reconsideration, it had the effect of denying them any opportunity to meet the grounds upon which the decision of the Board of Appeals was based, and hence of denying them the fair hearing guaranteed by the Patent Laws and the Fifth Amendment to the Constitution. Count VI further alleges that to the extent that appellants'

rights are held to have been abandoned by reason of the inaction of the Alien Property Custodian appellants have been denied the rights guaranteed to them by Section 32(d) of the Trading with the Enemy Act, 50 U.S.C. App. Sec. 32.

Count V alleges that the decision of the Board of Appeals refusing to issue a patent to the Alien Property Custodian in 1950 was induced by a deliberate failure of the Examiner to direct the attention of the Board of Appeals to facts within the Examiner's knowledge which would have disclosed the erroneous basis for the Board's action, and hence amounts to a denial of justice.

Count VII, treating the action of the Commissioner as a final denial of a patent on the merits, seeks the issuance of a patent under Section 35 U.S.C. Sec. 145.

Count VIII alleges that the totality of the actions of the Patent Office constitutes a pattern by which plaintiffs have effectively been denied their statutory and constitutional rights to a fair hearing.

The complaint prays, in the alternative, for issuance of a patent on appellants' application, for a declaration that appellants are entitled to have their application revived, and for other appropriate relief.

Defendants moved to dismiss for want of jurisdiction and failure to state a cause of action. They asserted that the District Court had no jurisdiction to review the action of the Commissioner on an application for revival under 35 U.S.C. Sec. 133, and no jurisdiction otherwise to review the action of the Commissioner, as distinguished from the Board of Appeals (J.A. 28-29). They asserted that the Commissioner has "complete discretion" and that the District Court "has no power to grant the relief that is asked for here." (J.A. 30-31) Alternatively, counsel asserted that despite the failure of the Commissioner of Patents to make any finding that the delay was avoidable "the necessary implication of the decision is that he must have found that the delay was not unavoidable" (J.A. 48).

In connection with their motion to dismiss defendants did not submit to the court any part of the record before the Patent Office. Thus the District Court, in acting on the motion, had before it only the complaint and the motion to dismiss. Nevertheless, counsel for defendants, in argument to the District Court, referred to various matters assertedly appearing in that record, and quoted or paraphrased selected excerpts from the opinion of the Patent Commissioner. Appellants contended that on the motion to dismiss the court was not entitled to consider any matters outside the allegations of the complaint, and should not consider excerpts from the Patent Office record without having the full record before it. (J.A. 32) Nevertheless, the District Court appears to have considered, and given weight to, such matters.

The District Court filed no written opinion in connection with the granting of the motion to dismiss. Its entire statement, in connection with its ruling, was:

"It is unfortunate that the Commissioner did not use a few more words in making his ruling upon the Plaintiffs' application to vacate the default in this case, but I believe that there has been compliance with the requirements of the statute." (J.A. 49)

2. THE FACTS²

The principal plaintiff, Commissariat a l'Energie Atomique, is an agency of the Government of France. It is the assignee of all right,

² The following statement is based on the allegations of the Complaint which, for purposes of the present appeal, must be taken as admitted. A motion to dismiss admits the well-pleaded allegations of the complaint and can be granted "only if it [is] clearly apparent to the court that the plaintiff . . . would not be entitled to the relief sought under any state of facts which could be proved in support of the specific claim[s]" in the complaint. Domestic and Foreign Commerce Corp. v. Littlejohn, 83 App. D. C. 13, 15, 165 F. 2d 235, 237 (1947); see also Kingwood Oil Co. v. Bell, 204 F. 2d 8, 12-13 (C.A. 7, 1953) and cases cited; Moore, Federal Practice, 2nd Ed., Sec. 12.98. The complaint must be "viewed in the light most favorable to the plaintiff." Machado v. McGrath, 90 App. D. C. 70, 73, 193 F. 2d 706, 708 (1951), cert. denied, 342 U.S. 948 (1952).

title and interest in the invention sued upon. The individual inventors, who are nominal parties only, are French citizens, of whom two reside in France and one in Switzerland. (J.A. 1-2).³

a. The Invention

Appellants' invention is a pioneer discovery in the field of atomic energy. While working in France early in 1939, the inventors discovered that the process of neutron fission resulted in the liberation of new neutrons, so that a self-sustaining chain reaction was possible. They further discovered principles and means for constructing an apparatus to utilize the chain reaction as a source of useful energy and to control the reaction safely. They embodied their invention in a French application for patent filed May 1, 1939. A corresponding U.S. application was filed April 5, 1940. Corresponding applications were also filed in most other countries of the world, and patents have been granted on a large number of those applications. (J.A. 2, 11)

In September 1939, World War II broke out in Europe. By the end of June 1940, France, Norway, and the Low Countries had surrendered and were occupied by the German armies; England was in imminent danger of invasion. Halban and Kowarski went to England where, in December 1940, two years before the construction of the first nuclear reactor in the United States, they conclusively established that their invention was operative and would have then achieved the world's first nuclear chain reaction had more heavy water (deuterium oxide) been available. They submitted reports, setting forth these results and other information concerning the invention, to the British Government, which in turn transmitted them to the United States Government in 1940 and 1941, prior to the time that any substantial atomic energy program had been established by the United States Government. Later, Kowarski

³ One of the inventors, Jean Frederic Joliot, has died since the filing of the complaint.

constructed nuclear reactors following the teachings of the application, which were successfully operated in Canada and France as early as 1945. (J.A. 9, 13).

The principles disclosed in appellants' invention have also been embodied in numerous nuclear reactors which were successfully operated in the United States and elsewhere beginning in December 1942. Numerous patents on improvements to plaintiffs' invention have been issued in the United States and patents on corresponding applications have been granted in numerous foreign countries. (J.A. 9, 15, 21, 22).

The amended claims of appellants' application are set forth in paragraph 51 of the Complaint (J.A. 18). They are directed to an apparatus for the production of energy by a nuclear chain reaction containing the following features:

- (1) A mass of fissionable material capable of maintaining a nuclear chain reaction. Uranium is specified as a suitable material.
- (2) "An element for slowing down the neutrons" -- what is now termed a moderator -- to improve the efficiency of the reaction. Any of the very light elements -- e.g. hydrogen -- are specified as suitable.
- (3) An optional reflector surrounding the fissionable material, to reduce the critical mass required to maintain the chain reaction.
- (4) An element capable of absorbing neutrons -- such as cadmium -- to control the reaction.

These features of the invention are more fully described and explained in the specification.

The patentability of the invention disclosed is not before this Court on the present appeal. In view of the actions taken by the Patent Office, it is worth noting, however, that the evidence submitted by appellants in

support of the application, and which the Patent Office has refused to consider, included:

(1) Affidavits from eminently qualified experts in the field of nuclear reactors and atomic physics stating that in their opinion the disclosure of the application was correct and complete, and was sufficient to teach a person skilled in this art how to construct an operative nuclear reactor in the light of the knowledge known at the time the invention was made;⁴

(2) Excerpts from published technical literature and affidavits of persons experienced in reactor construction, establishing that all of the physical states -- i.e., solid, liquid and gaseous -- and all of the combinations of materials specified in the application are operable and that many, if not all, have been incorporated in various reactor designs that have been successfully operated. A large number of specific operating reactors were identified and described which embody the several variations of combinations of materials disclosed in plaintiffs' application; and

(3) Affidavits establishing that Kowarski had constructed nuclear reactors following the teachings in the application which were first operated in 1945 in Canada and later, after World War II, in France, and further establishing that the delay between the filing of the application for patent and the realization of the nuclear reactor was due to wartime

⁴ The allegation that these affiants were "eminently qualified" is not, and could not be, challenged. The affiants were:

Dr. Harold Urey, winner of the Nobel Prize in Physics for his discovery of heavy water, who played a leading role in the U. S. atomic energy program;

Prof. Yves Rocard, Director of the Laboratory of Physics at the Ecole Normale Supérieure of the University of Paris and member of the French Atomic Energy Commission;

Jacques Yvon, Director of the Department of Pile Studies of the French Atomic Energy Commission, who had made the calculations for or built four French reactors.

inability to obtain desired material in the necessary quantities and not due to any deficiency in the teachings of the application. (J.A. 9).

b. The Actions of the Patent Office and Other Governmental Bodies

Appellants' position in this case is based on the interaction of a number of actions taken in this case by the Patent Office and by other government agencies which, in their cumulative effect, have resulted in a denial of the application without ever considering its real merits. In considering these actions recounted below, recognition must be given to the historical setting in which they occurred.

The Filing. - The U.S. application was filed on April 5, 1940 -- about a month before the surrender of France to the German armies. It claimed the benefit of the French filing date of May 1, 1939, to which appellants are clearly entitled under the Treaty for the Protection of Industrial Property. Appellants proceeded actively and diligently to prosecute their application despite difficulties and problems arising from the German occupation (1940-1945), the vesting of the application by the Alien Property Custodian (1942-1954), the imposition of U.S. Government secrecy requirements (1942-1955 and later), and the extreme novelty of the subject matter. (J.A. 2, 3).

The original rejection. - On November 9, 1941, the application was rejected by the Examiner. This rejection was based, in part, on the ground that it is uncertain whether the process of nuclear fission will operate when large amounts of heat and energy are sought to be produced, and that the application related to

"subject matter which is not sufficiently useful and important within the meaning of R.S. Section 4893. Any chain reaction liberating excess neutrons, encountered in the present state of the art, does not produce sufficient energy to be of any practical importance." (J.A. 3, 12).

On May 7, 1942, an appeal was duly filed with the Board of Appeals of the Patent Office. (J.A. 3).

The Patent Office secrecy order. - Meanwhile, on May 5, 1942, the application was placed under U.S. Government secrecy order. All action on the application was suspended until this secrecy order was rescinded in 1949. (J.A. 3).

The vesting by the Alien Property Custodian. - In November 1942, the application was vested by the Alien Property Custodian, and the power of attorney of appellants' counsel was revoked. (J.A. 3).⁵ The application continued to be owned and controlled by the Custodian until its return to appellants in April 1954. (J.A. 3).

Atomic Energy Secrecy Restrictions. - On August 1, 1946, Congress enacted the Atomic Energy Act of 1946. By the terms of that Act all information relating to nuclear reactors became Restricted Data, the disclosure of which to an unauthorized person was a crime subject to severe punishment. Appellants were prohibited from disclosing to their attorneys facts known to appellants which constituted Restricted Data, and appellants and their attorneys were prohibited from obtaining such facts from others or from presenting such facts to the Patent Office. See infra, p.43-6. Information coming within the statutory definition of Restricted Data could be declassified by the Atomic Energy Commission; however, most information concerning nuclear reactors was not so declassified until some time in 1955 or later. (J.A. 10-11).

The Amended Patent Office Rejection. - When action on the application resumed in 1949, the Examiner filed a nine page Supplemental Statement asserting new grounds for rejecting the application. On November 17, 1950, the Board of Appeals affirmed the Examiner's rejections, relying largely on new matters not stated in the Examiner's 1941 rejections. The Alien Property Custodian, who was then in control of

⁵ This vesting action was taken on the basis that, as the result of the German occupation of France, the owner of the application was the government of an enemy-occupied country and, hence, an enemy within the definition of Sec. 2 of the Trading With the Enemy Act.

the application, failed to answer or refute the new matters relied on by the Examiner and the Board, failed to reopen prosecution before the Examiner and failed to seek judicial review of the Board's decision. (J.A. 3, 14, 17).

The principal ground relied on by the Board was that the application did not contain a sufficient disclosure to enable one skilled in the art to make, construct and use the invention and, hence, did not satisfy the requirements of R.S. 4888, now 35 USC 112. In support of this position the Board asserted that:

(a) The disclosure of the application specified that the various components of the nuclear reactor could be in a gaseous, liquid or solid state, and could be chemically combined or merely mixed, in either a homogeneous or heterogeneous manner; hence 'the choices of conditions suggested in the application are all-inclusive' and therefore not instructive;

(b) Many of the possible states or combinations that the application disclosed were inoperative; and

(c) The disclosure in the application consisted of mere 'ideas' or 'theoretical suggestions' which were not capable of being reduced to practice. (J.A. 8).

The Petitions for Reconsideration and Revival. - After the application was returned to appellants by the Alien Property Custodian in 1954, they proceeded diligently to assemble evidence to refute the Board's erroneous conclusions. However, the principal such evidence was currently classified Restricted Data under the Atomic Energy Act. Promptly after such evidence began to be declassified, appellants, on August 29, 1955, filed petitions for reconsideration of the Board's decision and for revival of their application, accompanying those petitions with their new evidence. That new evidence, which is fully described at p. 8, supra, established (a) that all of the physical states specified in the application

were operative; (b) that the disclosures of the application had been reduced to practice by one of the inventors and that his delay in doing so was due to wartime inability to obtain necessary materials and not to any deficiency in the teachings of the application; and (c) that in the opinion of eminent scientists the disclosures of the application were sufficient to teach those skilled in the art how to construct an operative nuclear reactor. (J.A. 9).

Appellants' petition for reconsideration has never been acted on by the Patent Office. The new evidence submitted by them has never been considered on its merits by the Patent Office. (J.A. 4, 14, 18).

Appellants' petition for revival was denied by defendant Crocker on July 10, 1956. Requests for reconsideration were entertained and denied by him on February 26, 1957, July 15, 1957, and February 14, 1958. A request for personal consideration by defendant Watson was denied by him on May 2, 1958. This action was filed within 60 days of that denial, on July 1, 1958. (J.A. 1, 4).

In denying appellants' petition for revival, defendants have at no time made any finding or determination that the delay in prosecuting the application, between November 17, 1950 and August 29, 1955, was avoidable by appellants. Appellants' request for a specific determination whether such delay was avoidable or unavoidable, and for specific findings of fact in support of such determination, was ignored. (J.A. 4-5).

The end result of the foregoing actions is that appellants have been denied a patent. They have had no opportunity to refute, on the merits, the grounds on which ~~that~~ denial was based; their evidence submitted for this purpose has not been considered on its merits. The basis for the Patent Office's refusal to consider this evidence is that their application was abandoned by the Alien Property Custodian. After the return of the

application to them, appellants proceeded diligently to assemble the evidence needed to refute the errors of the Patent Office, but were prevented from doing so until the latter part of 1955 by the security requirements of the Atomic Energy Commission. Nevertheless, the Patent Office, while refusing to make any specific determination on the question whether the delay in prosecuting their application was avoidable or unavoidable, and refusing to make findings in support of such determination, has refused to revive their application.

STATUTES AND RULES INVOLVED

The relevant portions of the Patent Act (66 Stat. 791, et seq., 35 U.S.C. 1-292) are:

"§ 133. Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant, or within such shorter time, not less than thirty days, as fixed by the Commissioner in such action, the application shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable."

"§ 134. An applicant for a patent, any of whose claims has been twice rejected, may appeal from the decision of the primary examiner to the Board of Appeals, having once paid the fee for such appeal."

"§ 141. An applicant dissatisfied with the decision of the Board of Appeals may appeal to the United States Court of Customs and Patent Appeals, thereby waiving his right to proceed under section 145 of this title. * * *"

"§ 145. An applicant dissatisfied with the decision of the Board of Appeals may unless appeal has been taken to the United States Court of Customs and Patent Appeals, have remedy by civil action against the Commissioner in the United States District Court for the District of Columbia if commenced within

such time after such decision, not less than sixty days, as the Commissioner appoints. The Court may adjudge that such applicant is entitled to receive a patent for his invention, as specified in any of his claims involved in the decision of the Board of Appeals, as the facts in the case may appear and such adjudication shall authorize the Commissioner to issue such patent on compliance with the requirements of law. All the expenses of the proceedings shall be paid by the applicant."

Section 10 of the Administrative Procedure Act (60 Stat. 243, 5 U.S.C. 1009) provides, in relevant part;

"Except so far as (1) statutes preclude judicial review or (2) agency action is by law committed to agency discretion.

"(a) Any person suffering legal wrong because of any agency action, or adversely affected or aggrieved by such action within the meaning of any relevant statute, shall be entitled to judicial review thereof."

Section 32(d) of the Trading with the Enemy Act, 60 Stat. 50, 50 U.S.C. App. 32(d), provides in relevant part:

"(d) Except as otherwise provided herein, and except to the extent that the President or such officer or agency as he may designate may otherwise determine, any person to whom return is made hereunder shall have all rights, privileges, and obligations in respect to the property or interest returned or the proceeds of which are returned which would have existed if the property or interest had not vested in the Alien Property Custodian * * *"

Rule 12(b) of the Federal Rules of Civil Procedure provides:

"(b) Every defense, in law or fact, to a claim for relief in any pleading, whether a claim, counterclaim, cross-claim, or third-party claim, shall be asserted in the responsive pleading thereto if one is required, except that the following defenses may at the option of the pleader be made by motion: (1) lack of jurisdiction over the subject matter, (2) lack of jurisdiction over the person, (3) improper venue, (4) insufficiency of process, (5) insufficiency

of service of process, (6) failure to state a claim upon which relief can be granted, (7) failure to join an indispensable party. * * * If, on a motion asserting the defense numbered (6) to dismiss for failure of the pleading to state a claim upon which relief can be granted, matters outside the pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56."

Pertinent provisions of the Atomic Energy Act are set forth at pp. 45 and 46 infra.

STATEMENT OF POINTS ON WHICH APPELLANTS INTEND TO RELY

The District Court erred:

1. In holding that the appellees had made the determination required by 35 U.S.C. sec. 133.
2. In failing to hold that the ground relied on by appellees for denying appellants' application for revival of their patent application - namely that the application was not accompanied by an amendment which, in the opinion of the Examiner, would place the application in condition for allowance - was unauthorized by and contrary to law.
3. In failing to hold that delay in prosecuting a patent application, caused by actions, policies, and requirements of the United States, was avoidable.
4. In failing to hold that the decision of appellees, denying appellants' petition for revival of their application, was arbitrary, capricious, and an abuse of discretion.
5. In failing to hold that appellees had denied appellants a fair hearing.
6. In dismissing the complaint on grounds outside, and contrary to, the pleadings.
7. In dismissing the complaint.

SUMMARY OF ARGUMENT

I.

As we interpret its action, the District Court entertained jurisdiction of the complaint and dismissed it for failure to state a claim upon which relief can be granted. We believe the Court was right in assuming jurisdiction. Congress has neither expressly provided for nor expressly precluded judicial review of actions of the Commissioner of Patents. However, the courts, where appropriate, have reviewed and set aside such actions. E. g. Steinmetz v. Allen, 192 U. S. 543 (1904); Butterworth v. Hoe, 112 U. S. 50 (1884); Coe v. United States, 65 App. D. C. 387, 84 F.2d 240 (1936). These decisions are in accordance with the principle that "it is not to be lightly assumed that the silence of the statute bars from the courts an otherwise justiciable issue." Stark v. Wickard, 321 U. S. 288, 309 (1944). Letters patent are property rights entitled to constitutional protection; proceedings for their issuance are essentially judicial in character; and Congress has provided for full judicial review, and, indeed, trial de novo, of decisions denying issuance of a patent. Nothing in this statutory scheme warrants an inference that Congress intended to preclude judicial review of any actions of the Patent Office which have the effect, as did the action here, of denying issuance of a patent.

This Court has recognized that the action of the Commissioner refusing to revive a patent application under 35 U. S. C. sec. 133 may be judicially reviewed to determine whether that action was "capricious or arbitrary". Martin v. Robertson, 59 App. D. C. 270, 39 F.2d 520 (1930); Hastings v. Coe, 69 App. D. C. 94, 99 F.2d 129 (1938). This recognition is consistent with decisions in other fields which hold that the exercise of a discretionary power may be reviewed for failure to exercise discretion or for abuse of discretion. In addition, the allegations of the complaint that the Patent Office has denied appellants

their statutory and constitutional rights to a fair hearing clearly state a cause of action within the jurisdiction of the District Court. Finally, to the extent that the Commissioner's decision can be interpreted as a decision of substantive issues of patentability we suggest that it is reviewable on the merits in the manner prescribed by law for judicial review of all decisions of substantive patentability. See 35 U. S. C. § 145.

II.

In dismissing the complaint for failure to state a claim, the District Court stated that the Commissioner of Patents had made the determination required by 35 U. S. C. § 133 -- namely that the delay in further prosecuting the application was avoidable. This conclusion of the District Court is contrary to the express allegations of the complaint. It was evidently based on statements by counsel for appellee at the oral argument as to the contents of the record in the Patent Office, which was not then before the Court. In particular, counsel repeatedly quoted or paraphrased one sentence, taken out of context from one of several opinions of the Assistant Commissioner of Patents. Counsel for appellants specifically objected to a piecemeal consideration of excerpts from the Patent Office record without having the full record before the Court.

Rule 12(b) of the Federal Rules of Civil Procedure provides a clear and direct procedure for presenting to the Court, on a motion to dismiss, matters outside the four corners of the pleadings. The rule states that if such matters are presented to the Court

"the motion shall be treated as one for summary judgment and disposed of as provided by Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56."

Under Rule 56 ten days' notice of a motion for summary judgment must be given; the Court's decision may be based only on pleadings, depositions, admissions and affidavits; and the opposing party must be given

adequate opportunity to present counter-affidavits. The effect of these provisions was considered fully by this Court in Sardo v. McGrath, 90 App. D.C. 195, 196 F.2d 20 (1952), which held that statements in a memorandum of points and authorities filed by the Government, purporting to summarize the contents of an administrative record which had not been filed with the Court, should not have been considered on a motion to dismiss. This Court pointed out that such statements were not affidavits within the meaning of the Rule, and that opposing counsel could not be charged with notice that matters of fact outside the pleadings were being presented to the Court for its consideration under Rule 56. A fortiori, it was error to consider statements of counsel in oral argument of which no advance knowledge was given to appellant.

III.

On its face, the complaint states claims on which relief can be granted.

Without attempting to discuss all the bases for relief shown by the complaint, it is sufficient to point out the following, any one of which states a cause of action which is good against a motion to dismiss:

(1) The Commissioner of Patents failed to make the finding and determination required by 35 U. S. C. § 133.

(2) The Commissioner of Patents subjected appellants' statutory privilege of revival to a further condition not authorized by statute; because he found that appellants had failed to satisfy this further condition, he did not exercise the discretion which the statute calls for.

(3) Any finding that the delay in prosecuting the application could have been avoided would necessarily have the effect of placing appellants in default because of actions of the United States Government. Specifically, to hold appellants bound by the inaction of the Alien Property Custodian would deprive them of their rights under Section 32(d)

of the Trading with the Enemy Act to be placed "in the same position as though no vesting had occurred". House Report No. 1269, 79th Cong., 1st Sess., p. 6. And any holding that they were in default for failure to produce evidence which they were prohibited, by the secrecy provisions of the Atomic Energy Act, from producing would be directly contrary to the principle, recently reiterated in Societe Internationale v. Brownell, 357 U.S. 197, 209 (1958) that a delay in presenting evidence "due to inability fostered neither by [the party's] own conduct nor by circumstances within [its] control", cannot serve as the basis for a default which denies a party "an opportunity for hearing on the merits of his cause". There, the inability to produce documents was caused by legal requirements of a foreign government; here, it was caused by the criminal prohibitions of the United States itself. A decision that the United States may hold a party in default for failing to do that which the laws of the United States prohibited him from doing would obviously present the gravest constitutional issues.

(4) The overall effect of the appellees' actions has been to deny to appellants any adequate opportunity to respond to and refute the erroneous grounds of rejection on which the Board of Appeals relied, and hence to deny to appellants their constitutional and statutory rights to a fair hearing on their application for a patent. The deliberate failure of the Patent Examiner to disclose matters known to him and not known to appellees, which were inconsistent with the grounds of rejection urged by the Examiner and adopted by the Board, further establishes the basic unfairness of the hearing procedure.

IV.

The foregoing contentions presented questions of fact the resolution of which required, at a minimum, an examination of the Patent Office record. The District Court accordingly erred in disposing of this case on summary motion, with nothing before it save the bare pleadings.

ARGUMENT

I.

THE DISTRICT COURT HAD JURISDICTION TO ENTERTAIN
THE SUIT AND TO REVIEW THE ACTIONS OF THE PATENT
OFFICE.

The principal ground of the motion to dismiss was want of jurisdiction.⁶ The court below does not appear to have based its holding on lack of jurisdiction. It appears to have held that it had jurisdiction at least to see whether the Commissioner of Patents had made the determination required by the statute, and to have based its decision on the ground that he had made such a determination.

Nevertheless, because the question of jurisdiction lies at the threshold, and because counsel for appellees have laid so much stress on it, we shall discuss it first.

We submit that the court had jurisdiction of the action, and that its jurisdiction was not limited to the determination whether the Commissioner had made the finding required by law, but included also the determination whether that finding, if made, was arbitrary, capricious, or based on an erroneous principle of law; and whether the effect of the Commissioner's action was to deny appellants their statutory and constitutional rights to a fair hearing.

A. A Court May Review Actions of the Commissioner
of Patents to the Extent that they Involve Failure
to Exercise Discretion, or Abuse of Discretion,
or Application of an Erroneous Principle of Law.

The Patent Statutes provide expressly for judicial review of actions of the Board of Appeals of the Patent Office. 35 U. S. C. 141, 145. No statutory provision is made for review of actions of the

⁶ Counsel's entire opening argument was addressed to the question of jurisdiction. (J. A. 25-31).

Commissioner of Patents. Nevertheless, it is well settled that actions of the Commissioner may be judicially reviewed where the error cannot be remedied through the normal processes of appeal.

Thus, in Steinmetz v. Allen, 192 U.S. 543 (1904), the court authorized issuance of a writ of mandamus to prevent the Examiner from insisting on a division of process and apparatus claims. The court held that while the Commissioner had discretion to require a division, a rule of the Patent Office forbidding joinder of process and apparatus claims in one application "ignores the differences which invoke discretion" and was invalid. (p. 563). Similarly, in Coe v. United States, 65 App. D.C. 387, 84 F.2d 240 (1936), this Court sustained issuance of a writ of mandamus directing the Commissioner to enter an amendment, pointing out that the Commissioner's refusal to so permit would have the effect of depriving the applicant of any right of appeal. (84 F.2d at p. 242)

In Butterworth v. Hoe, 112 U.S. 50 (1884) the Court similarly affirmed the issuance of a writ of mandamus to the Commissioner to require him to disregard the action of the Secretary of Interior, who had purported to review and revise a decision of the Commissioner.

See also Minnesota Mining and Manufacturing Co. v. Coe, 79 App. D.C. 186, 143 F.2d 12, 13 (1944), cert. denied 323 U.S. 799 (1945), reh. denied, 324 U.S. 887, 889 (1945) and Geophysical Development Corp. v. Coe, 78 App. D.C. 39, 136 F.2d 275, 277 (1943), both denying injunctions on the ground that the action complained of was not arbitrary, capricious, or an abuse of discretion. And see Moore v. Heany, 34 App. D.C. 31, 37, 39, 40 (1909), app. dismiss. 216 U.S. 624 (1910).⁷

⁷ Such nonstatutory review has been denied where the error, if any, could be effectively reviewed and corrected by the normal process of appeal, or by statutory suit in equity under R.S. 4918, now 35 U.S.C. 291. E.g., Ewing v. U.S. ex rel. Fowler Car Co., 244 U.S. 1, 10 (1917); Snelling v. Whitehead, 50 App. D.C. 196, 269 Fed. 712, 714 (1921).

Whether relief is sought by mandamus or injunction is now immaterial in view of Sec. 10(b) of the Administrative Procedure Act and Rule 81(b) of the Federal Rules of Civil Procedure.

The principles of these cases, well established before the Administrative Procedure Act (5 U.S.C. § 1000 et seq.), are strengthened and reinforced by § 10 of that Act. The "broadly remedial purposes" of that Act afford indication that Section 10 "greatly expanded the availability of judicial review." Heikkila v. Barber, 345 U.S. 229, 232 (1953). Notwithstanding failure of a statute to provide an express judicial remedy, judicial relief from arbitrary, capricious or unlawful action will normally be afforded unless Congress has shown a clear intent to preclude such relief.

"It is not to be lightly assumed that the silence of the statute bars from the courts an otherwise justiciable issue." Stark v. Wickard, 321 U.S. 288, 309 (1944). In determining whether judicial review is available,

"Each statute must be examined individually; its purpose and history as well as its text are to be considered in deciding whether the courts were intended to provide relief for those aggrieved by administrative action. Mere failure to provide for judicial intervention is not conclusive; neither is the presence of language which appears to bar it." Heikkila v. Barber, supra, 345 U.S. at 233.

As the Supreme Court stated, prior to the Administrative Procedure Act, in Switchmen's Union v. National Mediation Board, 320 U.S. 297, 300 (1943):

"If the absence of jurisdiction of the federal courts meant a sacrifice or obliteration of a right which Congress had created the inference would be strong that Congress intended the statutory provisions governing the general jurisdiction of those courts to control...."

Letters patent are property rights entitled to constitutional protection, James v. Campbell, 104 U.S. 356, 358 (1881); Belknap v. Schild, 161 U.S. 10, 16 (1896). Proceedings for their issuance are

essentially judicial in character. Butterworth v. Hoe, 112 U.S. 50, 59-63 (1884); United States ex rel. Bernardin v. Duell, 172 U.S. 576 (1899). Congress has provided for full judicial review of decisions denying a patent on the merits, and even for judicial trial de novo. 31 U.S.C. 145. In Butterworth v. Hoe, *supra*, the Court, after fully reviewing the provisions for judicial review, observed:

"Thus every case is fully provided for, both when the Commissioner wrongfully refuses to issue a patent; and when, in cases of interference, he erroneously issues one; and that, by means of judicial proceedings...." (112 U.S. at 63)

Hence no inference can be drawn of Congressional intent to render decisions of the Patent Office immune from judicial review.

The principal basis for appellees' contention of total lack of power in the district court (J.A. 30) was that the actions of the Commissioner involved discretion. But the fact that a decision may entail discretion does not mean that it cannot be judicially reviewed under any circumstances. On the contrary, action under a discretionary authority may be, and frequently is, judicially reviewed and corrected:

- (a) for failure to exercise discretion;
- (b) for application of an erroneous rule of law; and
- (c) for abuse of discretion.

These principles are confirmed by Section 10 of the Administrative Procedure Act, which affirmatively grants the right of judicial review to any person suffering legal wrong because of any agency action "except so far as . . . agency action is by law committed to agency discretion." (Emphasis added.) As this Court has pointed out, that provision affords no support for a contention of "total non-reviewability" of agency actions involving discretion.

"Whether the court should set aside an agency action founded upon the exercise of discretion and judgment is. . . a totally different question from whether the court may review the action for purposes of determining its validity." Homovich v. Chapman, 89 App. D.C. 150, 153, 191 F.2d 761, 764 (1951).

The applicable principles are well illustrated by cases involving the discretionary power of the Attorney General to suspend deportation of aliens eligible for deportation.

Section 19(c) of the Immigration Act of 1917 provided that in certain cases

" . . . the Attorney General may . . . suspend deportation of such alien if he is not ineligible for naturalization . . . if he finds (a) that such deportation would result in serious economic detriment to a citizen or legally resident alien who is the spouse, parent, or minor child of such deportable alien. . . "

The issue whether, and to what extent, the Attorney General's discretionary action under this section may be judicially reviewed, in the absence of any statutory provision for review, has arisen in a number of cases. In McGrath v. Kristensen, 340 U.S. 162 (1950) the Board of Immigration Appeals, to whom the Attorney General had delegated his functions under this section, had not exercised its discretion because it held the alien was ineligible for naturalization; the Court, in a declaratory judgment proceeding, held this determination erroneous as a matter of law and, in effect, directed the Board to exercise its discretion. In United States ex rel. Hintopoulos v. Shaughnessy, 353 U.S. 72 (1957), the Court, in a habeas corpus proceeding, reviewed the grounds on which the Board had based its decision refusing to suspend deportation and sustained the Board's decision only after determining that "the reasons relied on by the Hearing Officer and the Board . . . were neither capricious nor arbitrary." (353 U.S. at 77). Justices Douglas and Black dissented on the ground that the Board, because it gave weight to the policies of the 1952 Immigration Act although that Act was inapplicable as a matter of law, had "erroneously followed irrelevant standards." (353 U.S. at 80).

In Mastrapasqua v. Shaughnessy, 180 F.2d 999 (C.A. 2, 1950), the court, in a habeas corpus proceeding, considered the authority, conferred by regulation, to grant deportable aliens the privilege of

"pre-examination." It concluded that the Board of Immigration Appeals had failed to exercise its discretion because of a "policy" of the Attorney General of "refusing to consider whether or not to give the discretionary relief of pre-examination to any persons coming within a fixed category, i. e. those whose presence in the United States is due solely to the war." (180 F.2d at 1003). Finding this policy "capricious", (*ibid.*), the court directed that the alien be released unless the Immigration Service, within a reasonable time, exercised its discretion on the request for pre-examination.

In that case Judge Frank thus stated the applicable rule (189 F. 2d at 1002):

"Courts have no power to review administrative discretion when it is reasonably exercised. . . . But, in appropriate circumstances, they can compel correction of an abuse of discretion or can compel an officer to exercise his discretion where he has obviously failed or refused to do so."

To the same effect, see Kraus v. Dulles, 98 App. D. C. 343, 235 F.2d 840, 843 (1956).

B. The Foregoing Principles Extend to Actions of the Commissioner under 35 U.S.C. 133.

These principles are applicable to the exercise of discretion by the Commissioner of Patents under 35 U.S.C. §133. And we believe the courts have so recognized. It is true that, in two cases, this Court stated broadly that the Commissioner's decision denying revival "is not subject to judicial review." Chessin v. Robertson, 61 App. D. C. 376, 63 F.2d 267 (1933), cert. denied, 289 U.S. 725 (1933); Cregier v. Coe, 62 App. D. C. 320, 67 F.2d 692, 693 (1933), cert. denied 291 U.S. 683 (1934). In other cases, however, the Court has reviewed the facts at some length to satisfy itself that the Commissioner did not abuse his discretion or err in a question of law. Fekete v. Robinson, 57 App. D. C. 73, 17 F.2d 335 (1927); Appeal of Herring, 57 App. D. C. 95, 17 F.2d 683, 684 (1927); Hastings v. Coe, 69 App. D. C. 94, 99 F.2d 129 (1938). In the most recent case in which this Court has considered

the point, Hastings v. Coe, *supra*, the Court, after discussing the facts in some detail, took pains to point out that the "Commissioner's conclusion was correct" and that "in our opinion appellant was guilty of gross laches which a court of equity will not relieve against in any of the circumstances shown to exist here." (99 F.2d at 130, 131). And in Martin v. Robertson, 59 App. D. C. 270, 39 F.2d 520 (1930), the court stated:

"In the absence of any showing that his action was capricious or arbitrary no court has jurisdiction to review [the Commissioner's] action." (Emphasis added.)

Other courts have uniformly assumed that the Commissioner's actions under 35 U. S. C. 133 are subject to judicial review for abuse of, or failure to exercise, discretion. E. g. Hayes - Young Tie Plate Co. v. St. Louis Transit Co., 137 Fed. 80, 85 (C. A. 8, 1905); Rosenberg v. Carr Fastener Co., 51 F.2d 1014, 1016 (C. A. 2, 1951).

So far as appears from the reports, none of the foregoing cases involved contentions either of failure to exercise discretion, or of application of a test which is legally irrelevant to the issue of avoidable delay. None of them involved contentions that the delay was attributable to actions, requirements and policies of the Government itself.

⁸ Most of the cases discussed in the foregoing paragraph invoked the equity jurisdiction of the District Court. In addition, in In Re Carvalho, 47 App. D. C. 584 (1918) and In Re Seiss, 48 App. D. C. 581 (1919), this Court, which then exercised the jurisdiction to entertain appeals from the Patent Office which is now vested in the Court of Customs and Patent Appeals under 35 U. S. C. § 141, held that a case of refusal to revive an application did not come within that statutory jurisdiction. This rule was followed by the Court of Customs and Patent Appeals in In Re Mavrogenis, 57 F.2d 361 (1932). The present case, of course, presents no question of the appellate jurisdiction of the Court of Customs and Patent Appeals. It is a suit in the District Court which invokes the court's general equity powers and its powers under the Administrative Procedure Act as well as its powers under 35 U. S. C. § 145.

No good reason appears why the actions of the Commissioner under 35 U.S.C. § 133 should be immune from the limited judicial review to which discretionary actions are generally subject. As we have indicated above, Congress, far from expressing an intention to preclude judicial review of patent cases, has provided for full judicial review, and, indeed, judicial trial de novo. To the extent that a decision under 35 U.S.C. 133 has the effect of denying a patent to the applicant, it would seem that it, also, should be reviewable to the limited extent set forth above.⁹ This conclusion is confirmed by the fact that the decision which the Commissioner is called on to make under 35 U.S.C. §133 does not call for special expertness or present unique considerations of executive policy, but is analagous to the judicial function in considering motions to reopen for newly discovered evidence, defenses of laches, etc. See Hastings v. Coe, supra.

C. The District Court Had Jurisdiction to Consider the Allegations of the Complaint That the Effect of Appellees' Actions Was to Deny Appellants a Fair Hearing.

The complaint alleges (J. A. 22) that the totality of defendants' actions:

"constitutes a pattern whereby defendants and their subordinates, by a succession of unfair, unreasonable and unlawful actions, have effectively denied plaintiffs their rights to a hearing. The cumulative impact of defendants' actions has been to convert the proceedings before the Patent Office into a grossly unfair, arbitrary, and unconscionable exercise of power, contrary to law. Defendants' denials of plaintiff's rights to patent, and to a full

⁹ Some of the cases suggest that a refusal to revive is not final because the applicant may refile his application. Cregier v. Coe, supra; In Re Carvalho, supra. In some cases this may be true. In the present case, however, patents have been issued in many foreign countries to the plaintiffs on their invention, the first being in Australia in May 1940. (J.A. 11-12) Hence, no U. S. patent could issue on a new application now filed. 35 U.S.C. §102(b). It is indisputable that the decision of the defendants refusing revival has the practical effect of denying plaintiffs a patent on their application.

adequate and fair hearing on their application for patent, are contrary to the patent laws and the regulations of the Patent Office, and deprive plaintiffs of their procedural and substantive rights under the patent laws and the Fifth Amendment of the Constitution of the United States, to plaintiffs' irreparable injury."

Since letters patent are property rights entitled to constitutional protection, James v. Campbell, supra; Belknap v. Schild, supra, any denial to applicant of the essentials of a fair hearing would violate Art. 1 § 8 cl. 8 and Amendment V of the Constitution, as well as the intent of the Patent Laws.

One of the essentials of a fair hearing is "a reasonable opportunity to know the claims of the opposing party and to meet them." Morgan v. United States, 304 U. S. 1, 18 (1938). A party is entitled to "the opportunity for a hearing on the merits of his cause" unless he forfeits that opportunity by his own lack of diligence or other fault. Societe Internationale, etc. v. Brownell, 357 U. S. 197, 209 (1958) and cases cited. Appellants allege that they have had no adequate opportunity to meet the contentions advanced by the Examiner in 1949 and relied on by the Board in 1950. They allege that those contentions were first made at a time when they were not in control of the application; that once such control was restored to them they proceeded diligently to present evidence to refute them but were hampered and prevented from doing so by U. S. Government security requirements; and that this evidence, when presented, was not considered on its merits. (See pp. 10-12 , supra.)

Appellants further allege that, in connection with the Board of Appeals' 1950 decision, the Patent Examiner deliberately failed to disclose to the Board facts in his possession but not known to the Board or to the Alien Property Custodian which were inconsistent with assertions which the Examiner made to the Board and with conclusions arrived at by the Board. (J. A. 15-17).

Appellants had no opportunity to raise these questions of lack of fair hearing until (a) this application was returned to them and (b) the secrecy restrictions of the Atomic Energy Act began to be lifted. In particular, the error of the Board did not become demonstrable until declassification actions taken by the Atomic Energy Commission in 1955. And the failure of the Examiner to disclose relevant facts did not become apparent until the Fermi et al patent was granted on May 17, 1955 (J. A. 15). These matters were raised in the Patent Office by the petition for revival and reconsideration filed August 29, 1955 (J. A. 8-9, 16). Thus the present proceeding is the first opportunity appellants have had to raise those questions of denial of fair hearing.

The foregoing allegations clearly state a cause of action arising "under the Constitution, laws or treaties of the United States", within the jurisdiction of the District Court under 28 U. S. C. 1331 and Sec. 10 of the Administrative Procedure Act.

D. The District Court Had Jurisdiction Under 35 U. S. C. 145, to Review the Denial of a Patent.

Count VII of the Complaint is framed under 35 U. S. C. 145 and seeks issuance of letters patent. It is so framed on the theory that the Commissioner of Patents has purported to exercise the function of the Board of Appeals to determine substantive questions and has attempted thereby to frustrate appellants' statutory rights of judicial review on all questions of substantive patentability (J. A. 6-8).

For reasons set forth in Subsections A-C of this Point we contend that the District Court had jurisdiction to set aside the Commissioner's action as contrary to law and in excess of his authority. Indeed the precise point was decided in Butterworth v. Hoe, supra, where the Court set aside a decision of the Secretary of Interior on a substantive question of patentability, holding that the Secretary had no authority to exercise the function of the Commissioner of Patents (who at that time

had the final administrative decision on questions of patentability which now is vested in the Board of Appeals) and that his attempt to do so could not deprive the applicant of its statutory right to judicial review. As an alternative position, however, we suggest that the District Court could, if it wished, treat the Commissioner's decision as a decision of the Board and review it in the manner prescribed by 35 U. S. C. § 145 for decisions of the Board.

In Butterworth v. Hoe, supra, the Court pointed out that Congress had provided a chain of decision running from the Examiner, to the Examiners-in-chief, to the Commissioners, to the courts. The Secretary was not a part of that chain, and could not break it by interjecting himself into the decision on substantive issues. (112 U. S. at 60-61). Under the present law the chain of decision on substantive issues of patentability runs from the Examiner, to the Board of Appeals, to the courts. The Commissioner may participate in that chain as a member of the Board of Appeals, (35 U. S. C. sec. 7) but not otherwise. If, therefore, the Commissioner undertakes to decide a substantive issue of patentability - other than as a member of the Board of Appeals - it follows either that his action should be set aside as beyond his authority, or that it is subject to judicial review on the merits as if it were the action of the Board of Appeals. The one conclusion that cannot be supported is that a decision on substantive issues of patentability is unreviewable. For, as Butterworth v. Hoe emphasizes, Congress intended that "every case [be] fully provided for." (112 U. S. at 63).

II.

THE DISTRICT COURT ERRED IN BASING ITS DISMISSAL
OF THE COMPLAINT ON GROUNDS OUTSIDE THE
RECORD BEFORE IT.

The District Court rendered no opinion. Its grounds for dismissing the Complaint appear only in the oral statement made at the conclusion of the argument on the Motion to Dismiss. The Court stated:

"I think it is unfortunate that the Commissioner did not use a few more words in making his ruling upon the Plaintiffs' application to vacate the default in this case, but I believe there has been compliance with the requirements of the statute."
(J. A. 49)

Evidently, the Court concluded that the Commissioner of Patents had found, in effect although not in words, that the delay in prosecuting the application was avoidable.¹⁰

What was the basis for this conclusion?

It was unsupported by anything in the Complaint, which specifically alleges:

"9. In denying plaintiffs' petition for revival defendants have at no time made any findings or determination contrary to plaintiffs' submission that the delay in failing to prosecute their application, following the decision of the Board of Appeals of November 17, 1950, and until the petition for revival of August 29, 1955, was unavoidable, and have at no time made any findings or determination that such delay was avoidable. In a petition for reconsideration addressed to defendant Crocker, plaintiffs requested a specific determination whether the delay in further prosecuting the application was avoidable or unavoidable, and requested specific findings of fact setting forth the basis

¹⁰ 35 U. S. C. 133, the statute referred to, authorizes revival of a patent application if it is "shown to the satisfaction of the Commissioner that such delay [in further prosecuting the application] was unavoidable."

for that determination. This request was ignored."
(J. A. 4-5)

And the Court did not have before it the record in the Patent Office, or any part of that record. Specifically, defendant did not choose to present, in support of its motion, any of the opinions of the Commissioner or Assistant Commissioner of Patents on the petition for revival.

The only possible basis for the District Court's conclusion that the Commissioner of Patents had exercised the discretion vested in him by statute and had made the determinations which the statute requires, consisted of statements made by counsel for defendant at the oral argument. Counsel, in his opening argument, paraphrased (J. A. 27) and on rebuttal quoted (J. A. 46) and repeated (J. A. 47) a single sentence from one of the opinions of the Assistant Commissioner, which stated:

"The showing made is not persuasive for revival."

The importance which both the court and counsel for defendants attached to this sentence is illustrated by the fact that on the rebuttal argument over half a page of colloquy was centered around it. (J. A. 46-47).

On its face the quoted sentence is not equivalent to a finding that the delay in prosecution was avoidable. Standing by itself, it states only that, for unidentified reasons which commended themselves to him, the Assistant Commissioner was not persuaded to revive the application.

Moreover, the sentence did not appear in isolation. It was part of one paragraph of a three-page opinion, which in turn was only one out of a number of memoranda written on the petition for revival,¹¹ and whose significance depended on the entire contents of a voluminous file. If all these materials had been before the District Court we would have contended that the quoted sentence, read in context, was clearly not a finding that appellants could have presented sooner the evidence which

¹¹ The Complaint lists five actions by the Assistant Commissioner (J. A. . . . The quoted sentence appears in the opinion of July 10, 1956, which was read in part by the opinion of February 26, 1957, also 3 pages long.

they deemed necessary to overcome the rejections of their application by the Board of Appeals, but rather was a finding that, as a matter of substantive patent law, their new evidence was insufficient to overcome those rejections.¹²

The Federal Rules provide a simple and direct procedure for bringing before the Court on a motion to dismiss, matters outside the four corners of the complaint. Rule 12(b) provides:

"If, on a motion asserting the defense numbered (6) to dismiss for failure of the pleading to state a claim on which relief can be granted, matters outside the

¹² Part of the support for that contention would have been derived from the very paragraph out of which that sentence was extracted, which reads:

"The request for reconsideration presented with the original petition is based upon publications issued in 1954 and 1955 as bearing upon the sufficiency of the original application disclosure, with the allegation that the information of the publications could not earlier be obtained because of penalties in the Atomic Energy Act of 1946. The showing made is not persuasive of revival. Assuming, that in a proper case, reference to prior art may be made to show sufficiency of an application disclosure (In re Chaplin, 35 CCPA 1155, 168 F. 2d 85), nevertheless, the reference must be to art prior to the filing date of the application. The publications of 1954 and 1955 were not prior to the filing date of this application, and hence are irrelevant. Disclosure which was in the prior art was not subject to penalty under the Atomic Energy Act of 1946. This application was finally rejected in 1941 and was not vested until 1942, both of which dates were long prior to the Act of 1946."

Thus it is clear that, in context, the Assistant Commissioner is saying that our new evidence was, on the merits, insufficient to justify the issuance of a patent. This is not the place to argue the soundness or unsoundness of that position on the merits, although it should be obvious that to show operativeness of a pioneer invention, it may often be necessary to rely on facts occurring subsequent to the date of the application. It is sufficient to point out that the significance of our new evidence on its merits was a matter properly for the Board of Appeals, and not the Commissioner, to determine.

Additional support for our position would have been furnished in the concluding paragraph of the same opinion, which, in relevant part, reads:

"Since in any event, the application is not placed in condition for allowance, the petition to revive as to the second ground is denied. *****"

pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56."

Rule 56 in turn provides for at least 10 days' notice of any motion for summary judgment. It permits the adverse party to serve opposing affidavits. It provides that judgment shall be based on "the pleadings, depositions, and admissions on file, together with the affidavits, if any". Summary judgment can be granted only if there is "no genuine issue as to any material fact."

If defendants wished to rely on the Patent Office record, or any part of it, to contravert the allegations of the complaint, in an effort to show that there was no genuine issue as to any material fact, the proper procedure would have been to move under Rule 56 for summary judgment, and to attach to the motion a certified copy of the Patent Office record, or the portions thereof on which defendants relied. Or they could have attached the record or portions thereof to their motion under Rule 12, in which case it would have become, in effect, a motion under Rule 56. In that event, appellants would have had the privilege of filing such additional material as they deemed relevant. In particular, if defendants had filed one or all of the opinions rendered by the Commissioner and Assistant Commissioner of Patents on the petition for revival, appellants would have submitted to the Court the entire Patent Office file, since it has been our consistent position that the actions taken by the Commissioner and his Assistant must be read in the light of the matters submitted to them and all the prior submissions and actions in the case.¹³

¹³ Counsel for appellants so stated to the District Court, in objection to any references by Government counsel to matters outside the complaint (J.A. 32):

"I think Mr. Schimmel's argument clearly demonstrates that these cases ought not to be disposed of on motion to dismiss, because in order to argue his position, he was required to go outside the record, that is, outside the allegations of the complaint, which is the only thing that Your Honor has before you at this time.

"He made reference to correspondence between the Plaintiffs and the Alien Property Custodian which is, of course, not within the allegations of the complaint.

(Footnote continued on page 35)

The situation here presented is essentially identical to that in Sardo v. McGrath, 90 App. D.C. 195, 196 F.2d 20 (1952). That was an appeal from a judgment dismissing a suit for declaratory judgment in a deportation case. The complaint alleged that the deportation order was based on an ex parte investigation and that plaintiff was denied any opportunity to cross-examine the authors of the investigative report. The Government contended that the motion to dismiss was, in effect, a motion for summary judgment and that statements of fact, contained in its memorandum of points and authorities filed in the District Court, supported the dismissal. "The statements referred to were a brief summary of exhibits filed in the deportation proceeding. Neither the record in that proceeding nor the exhibits in question were reproduced below." 196 F.2d at 22.

This Court held the dismissal was improper. It said that, under Rule 12(b) or Rule 56,

'the extra-pleading matters presented must be either 'depositions', 'admissions' or 'affidavits'. All three possess certain characteristics which make them fitting instruments for cutting through a possible maze of false, illusory, or collateral issues raised by loosely-drawn pleadings . . .

"Neither the Federal Rules nor custom at the bar contemplate transformation of legal memoranda into a new vehicle of factual conflict. Certainly, attorneys do not ordinarily conceive that they proceed at their peril if they fail to controvert allegations of fact made by opposing attorneys in their

(Footnote 13 cont'd.)

"We have our own view of what that means, and we are perfectly prepared to argue and discuss it at such time as a full record is before the Court.

"He made reference to statements in the opinions of the Assistant Commissioner. Those opinions are not before the Court at this time.

"Again, we are perfectly prepared to discuss the significance and meaning of those opinions at a time when the full record in the Patent Office is before this Court, and when Your Honor can evaluate them in the light of the entire record of the proceedings. But this is a motion to dismiss for want of jurisdiction; and I think it is very significant that in arguing for a dismissal for want of jurisdiction, my opponent finds it necessary to refer to things that are not in the complaint. . . ."

briefs. To accept appellees' view would be to introduce a confusing system of collateral pleading which would only detract from the relative simplicity of present summary judgment practice.

"We think the emphasis in summary judgment practice has been, and must continue to be, on actual notice. This is made clear not only by Rule 56 itself but also by Rule 12(b), which expressly provides that when extra-pleading matters are presented 'all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56.' Without such notice that allegations of fact are being made for the record, there is no real opportunity to enter the responses necessary to create the 'genuine issue of material fact' which can stave off summary judgment." (196 F.2d at 22-23).

The reasons there urged for refusing to consider statements of fact made in a written memorandum filed and served in advance of the oral hearing apply a fortiori to statements made during oral argument, with no advance notice of any kind.

The fact that the District Court based its decision granting the motion to dismiss on statements of counsel which were not properly before it under either Rule 12(b) or Rule 56 requires reversal of the decision below.

III.

THE COMPLAINT STATES CLAIMS ON WHICH RELIEF CAN BE GRANTED.

For the reasons stated in Point II, the only matter which can be considered on the present appeal is the complaint itself. Assuming that the court below has jurisdiction (see Point I) the motion to dismiss should have been denied unless it could be said from the four corners of the complaint that appellants had failed to state a claim on which relief could be granted. We submit that the complaint clearly does state claims upon which relief can be granted. In this section of our brief we shall not attempt to discuss every ground for relief which the complaint pleads, but shall confine ourselves to some only of the matters

alleged, any one of which, we submit, is sufficient to require a denial of the motion to dismiss.

A. Appellees Have Failed To Make The Determination Required by 35 U. S. C. 133.

35 U. S. C. § 133 establishes a single test for action on a petition to revive a patent application. It provides that:

" . . . the application shall be regarded as abandoned by the parties thereto unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable." (Emphasis added).

Thus the sole issue presented to the Commissioner by a petition to revive is whether the delay in prosecuting the application was avoidable or unavoidable.

As we have pointed out in Point II, supra, the Complaint alleges that the Commissioner and his Assistant failed to make any finding or determination on this issue, and ignored appellants' requests for a specific determination and supporting findings of fact.

The requisite finding cannot be supplied by inference from the fact that appellees denied the petition for revival. "The grounds upon which an administrative order must be judged are those upon which the record discloses that its action was based. . . . If an order is valid only as a determination of policy or judgment which the agency alone is authorized to make and which it has not made, a judicial judgment cannot be made to do service for an administrative judgment". Securities and Exchange Commission v. Chenery Corp., 318 U. S. 80, 87, 88 (1943).

This Court has recently had occasion to reemphasize the importance of requiring that an administrative agency make in explicit terms the finding which it is required by statute to make, Tuscarora Indian Nation v. Federal Power Commission, No. 14475, decided November 14, 1958.

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B. Appellees have sought to Condition Plaintiffs' Statutory Privilege of Revival on Satisfaction of Additional Requirements not Warranted by, and Contrary to, Law.

The stated basis for the Assistant Commissioner's decision was that the applications were not "accompanied by an amendment which, in the opinion of the Examiner, would place the application in condition for allowance." (J. A. 6) This requirement was not based on anything in 35 U. S. C. 133, or elsewhere in the patent statutes. It was not based on anything in the regulations of the Patent Office. It rests solely on an asserted "practice" of the Patent Office. Such a "practice" cannot prevail against statutory requirements. We submit that it is unwarranted by the Patent statutes and constitutes an unwarranted and illegal limitation on the privilege of revival conferred by 35 U. S. C. §133.

35 U. S. C. §133 clearly contemplates that, if the delay is held unavoidable, plaintiffs may proceed to "prosecute the application." The right to "prosecute the application" plainly means the right to take whatever further action would have been appropriate had the unavoidable delay not occurred, including the right to request reconsideration by the Examiner or Board of Appeals, to submit new evidence, to amend the application, etc.

This conclusion is confirmed by Patent Office Rule 137, which provides:

"A petition to revive an abandoned application must be accompanied by a verified showing of the causes of the delay, by the proposed response unless it has been previously filed, and by the petition fee." (Emphasis added)

As Rules 111 and 112 make clear, a "response" by an applicant is a request for "re-examination or reconsideration, with or without amendment." (Emphasis added).

By their rulings in the present case, appellees would limit the applicant's right to respond to a right to submit an amendment of a particular character, and would deny his right, under the statute and rules, to respond "without amendment."

The asserted "practice" drastically curtails an applicant's right in two respects. First, it places the applicant at the mercy of the Examiner. The applicant's right to proceed further with his application is made to depend on the unreviewable decision of the Examiner as to the novelty, usefulness, and adequacy of disclosure of each claim, the necessity for a division, etc. etc. If the Examiner determines that the application will be in "condition for allowance" only if claims deemed essential by the applicant are deleted, then under the asserted practice applicant must delete those claims as a condition of revival. If the Examiner decides that the claims must be so narrowly limited as to be of no practical value, then the applicant must so limit them as a condition of revival. If the Examiner insists on an unjustified division, the applicant must acquiesce. If the Examiner insists on an amendment which in the applicant's view will render the patent, if granted, vulnerable to judicial attack in an infringement proceeding, the applicant must nevertheless acquiesce. The Examiner's power is absolute.

Such vesting of absolute and unreviewable power in the Examiner on substantive issues of patentability is wholly inconsistent with the scheme of the Patent laws. The Congressional plan is not to rest the decision to issue or deny a patent in the unreviewable discretion of the Patent Examiner. Congress has been at pains to provide for a careful chain of review. The Examiner's rejection of a patent is reviewable by the Board of Appeals (35 U. S. C. §134), and its decision in turn is reviewable either by the Court of Customs and Patent Appeals (35 U. S. C. §141) or by the District Court (35 U. S. C. § 145). The District Court's decision in turn may be reviewed on appeal by the Court of Appeals for the District of Columbia and on certiorari by the Supreme Court.

Appellees' asserted practice would sidestep all this. As the present case shows, appellees assert that the Examiner's decision that the application is not "in condition for allowance" may not be reviewed by the Board of Appeals or by any court. We find no conceivable warrant in the Patent laws for such an assertion of arbitrary unreviewable power to decide substantive questions of patentability.

Second, in the present case not even the Examiner was free to exercise independent judgment on the bearing of plaintiffs' new evidence. The Examiner is bound by the decision of the Board of Appeals, and cannot reconsider matters which the Board has decided without the consent of the Board. (Patent Office Rule 198). Moreover, the Assistant Commissioner stated that under the "practice" which defendants were following it was "not the proper function or duty of the Examiner" to evaluate any new evidence or references submitted by plaintiffs, but his only duty was to "report on the basis of the record as affirmed by the Board of Appeals." (J. A. 6-7)

In other words, in appellees' view, an application for revival can be granted only if it is possible by amendment of the application to satisfy the requirements laid down by the Board of Appeals. If, for example, the applicant is willing to limit his claims to that which the Board has held is allowable, then appellees will exercise their discretion to determine whether the delay is avoidable. But if the Board's decision, however erroneous, is based on inadequate disclosure, or anticipation by prior art, it may be impossible to meet the Board's decision by amending the application; what is needed in such a case is evidence demonstrating the error of the Board's decision. But in such a case, appellees, under the asserted "practice", will never exercise their discretion under 35 U. S. C. §133, because the applicant cannot possibly satisfy the Examiner, on the basis of the record before the Board of Appeals and the matters decided by the Board, that the application is in condition for allowance.

In short, appellees have sought to restrict the privilege of revival conferred by 35 U. S. C. §133 by attaching to that privilege a condition which (a) in all cases requires the applicant to acquiesce in any demands which the Examiner may make, however groundless or arbitrary, and (b) in some cases, including the present, renders the privilege wholly nugatory. Such a condition is without statutory basis. It is inconsistent with the terms of 35 U. S. C. §133 and the Rule of the Patent Office implementing it. It confers on the Examiner an arbitrary authority which

is contrary to the Congressional scheme for review of determinations of patentability and to basic principles of due process. And it produces a classification between applicants, some of whom are entitled to the exercise of the Commissioner's discretion on the issue of avoidable delay and others of whom are not, which is wholly capricious and unrelated to the purposes of 35 U. S. C. §133. The statement of the Court in Steinmetz v. Allen, supra, 192 U. S. at 561 is directly applicable to the asserted "practice" as here applied to deny to plaintiffs the right to a determination of the Commissioner on the issue of avoidable delay:

"Such a rule is not the exercise of discretion; it is a determination not to hear. No inventor can reach the point of invoking the discretion of the Patent Office. He is notified in advance that he will not be heard, no matter what he might be able to show."

With respect to appellees' reliance on the asserted "practice" the case made out by the Complaint is, we submit, identical with that which in Steinmetz v. Allen, supra, and Mastrapasqua v. Shaughnessy, supra, was held to warrant judicial relief. In those cases, as here, a rule or practice was held to result in a failure of the administrative agency to exercise the discretion which it was directed by statute to exercise.¹⁴

C. A Determination that Delays Caused by Policies and Actions of the United States were Avoidable, had Such a Determination Been Made, Would Have Been Erroneous as a Matter of Law, Arbitrary and Capricious.

If appellees had in fact made the determination which counsel now assert is "manifest" in their decision, we respectfully submit that such a determination would have been erroneous as a matter of law, arbitrary and capricious. We so contend for several reasons.

(1) At the time of the Board of Appeals' decision and throughout the periods prescribed by statute and rule for further action by the applicant, the applications were in the exclusive custody and control of

¹⁴ Appellee contended below that the asserted practice had been approved by this Court in Chessin v. Robertson, 61 App. D. C. 376, 63 F. 2d 267 (1933). The report of that case does not indicate that the practice was there challenged, or that any issue as to its validity was raised. Nothing in that report suggests that the effect of applying the practice in that case was, as it has been here, to deny appellants any opportunity to answer or refute new grounds of rejection relied on by the Board of Appeals.

the United States. Control of the applications was not restored to appellant until April 1954 (J. A. 3).

Appellees have contended that the failure of the Alien Property Custodian to act, following the opinion of the Board of Appeals in 1950, binds the appellants and precludes any relief to them. They assert, in other words, that the United States, appearing as both plaintiff and defendant, could effectively foreclose all rights of the French Government.

Such a contention is contrary to the terms of the Trading With the Enemy Act, Section 32(d) of which provides:

"any person to whom return is made hereunder shall have all rights, privileges and obligations in respect to the property or interest returned or the proceeds of which are returned which would have existed if the property or interest had not vested in the Alien Property Custodian. . ."

The intent of this provision was

"to affirm the principle that a return of property under the bill should place the person to whom return is made in the same position as though no vesting had occurred, both with respect to his rights and his obligations." House Report No. 1269, 79th Cong. 1st Sess., p. 6. (Emphasis added).

And section 32(e) specifically provides that "the period during which the property or interest or proceeds returned were vested in the Alien Property Custodian shall not be included for the purpose of determining the application of any statute of limitations." The intent of Congress was that "failure to sue or prosecute a pre-existing suit while the property was in the hands of the Custodian implies no lack of diligence." House Report No. 1269, 79th Cong., 1st Sess. p. 7.

In other contexts the courts have uniformly rejected any contention that, by virtue of vesting action under the Trading With the Enemy Act, the government, appearing as both plaintiff and defendant in a proceeding, could preclude the rights even of a German or Italian enemy whose interests had been vested. E. g. The Pietro Campanella, 47 F. Supp. 374, 379 (D. Md. 1942); United States v. The San Leonardo, 51 F. Supp. 107 (E. D. N. Y. 1942); Hamburg-American Line v. United States,

168 F.2d 47 (C.A.1, 1948).¹⁵

(2) Wholly apart from the foregoing, any delay by appellants in presenting their new evidence, either after April 1954 when this application was returned to them, or after the Board's decision in 1950, and until the latter part of 1955, was clearly unavoidable. Appellants were powerless to proceed with greater expedition than they did because the evidence needed to establish the critical error of the Board of Appeals' decision was unavailable to them by reason of the actions and policies of the United States. The motion to dismiss necessarily admits the relevance and materiality of that evidence and admits that until the latter part of 1955 it was unavailable to plaintiffs because of U.S. government security requirements. Thus appellees are here asserting that a delay in presenting evidence which appellants could not obtain earlier without violating the laws of the United States was nevertheless "avoidable".

In general, in applying doctrines of laches -- to which the issues of revival of patent applications have been analogized, see Hastings v. Coe, supra, -- "delay which has been caused by the defendants' conduct is not to be attributed to the complainant", 19 Am.Jur.Equity §503 and cases cited.

An instructive analogy is afforded by the recent decision of the Supreme Court in Societe Internationale v. Brownell, 357 U.S.197 (1958). That case involved an order for production of documents located in Switzerland; the plaintiff, if it produced them, would violate Swiss law. The district court had dismissed the complaint under Rule 37 for failure to comply with the production order. The Supreme Court reversed.

¹⁵ While the opinion in The Antoinetta, 153 F.2d 138 (C.A. 3, 1945), cert. den., 327 U. S. 803 (1946) contains contrary implications, the enemy was allowed in that case to appear and to appeal with the full rights of a party.

Appellees, going outside the complaint to argue from selected matters in the Patent Office record (see Point II, supra), asserted to the District Court that appellants in fact had an opportunity to present, through the Custodian, such evidence and argument as they desired to present to the Patent Office. Since this ground of denial of the petition for revival was not stated by the Assistant Commissioner, appellants did not have opportunity to respond to it before the Patent Office. In any event, however, we submit that whatever informal cooperation the Custodian's office may have extended to appellants as a matter of courtesy is not the equivalent of appearance in the Patent Office proceedings as a party and did not constitute a waiver of the rights conferred on appellants by Section 32(d) and (e) of the Trading with the Enemy Act.

Pointing out that plaintiff had attempted in good faith and diligently to comply with the production order it said that the facts shown

"compel the conclusion on this record that petitioner's failure to satisfy fully the requirements of this production order was due to inability fostered neither by its own conduct nor by circumstances within its control. It is hardly debatable that fear of criminal prosecution constitutes a weighty excuse for nonproduction. . . the very fact of compliance by disclosure of banking records will itself constitute the initial violation of Swiss law." (357 U.S. at 211)

In these circumstances, the Court pointed out that

"There are constitutional limitations upon the power of courts, even in aid of their own valid processes, to dismiss an action without affording a party an opportunity for hearing on the merits of his cause." (357 U.S. at 209).

To avoid these "substantial constitutional questions" the Court held that Rule 37 should not be construed to authorize dismissal of the complaint.

In the present case, as in Societe Internationale, appellees' failure to present their evidence sooner "was due to inability fostered neither by [their] own conduct nor by circumstances within [their] control." As in that case, they would have incurred criminal penalties had they attempted, prior to the latter part of 1955, to produce the evidence which accompanied their petitions for revival and reconsideration. Any communication of information then classified as Restricted Data between plaintiffs and their attorneys, or between counsel and others, would have been a violation of the Atomic Energy Act.¹⁶ The penalty for such a

¹⁶ Sec. 10(b) of the Atomic Energy Act of 1946, 60 Stat. 755, defines "restricted data" as meaning

"all data concerning the manufacture or utilization of atomic weapons, the production of fissionable material, or the use of fissionable material in the production of power. . ."

With modifications not here material that definition is carried forward into the Atomic Energy Act of 1954 as Sec. 11w, 68 Stat. 922, 42 U.S.C. Sec. 2014w. Thus the definition is not limited to data within, or concerning activities within, the United States. This is made abundantly clear by Sec. 142(e) of the 1954 Act, 42 U.S.C. 2162(e) which provides:

"(e) The Commission shall remove from the Restricted Data category such information concerning the atomic energy programs of other nations as the Commission and the Director of Central Intelligence jointly determine to be necessary to carry out the provisions of Section 403(d) of Title 50 and can be adequately safeguarded as defense information."

(Footnote cont'd on page 45)

communication made with intent to secure an advantage to foreign nation -- and the principal plaintiff is an agency of the French government -- was death or imprisonment for life.¹⁷ In all conscience, it can hardly be asserted that appellants or their counsel were obliged to incur such jeopardy in order to prevent a holding that their delay in coming forward with the evidence was avoidable.

Nothing in the Patent Office record as it stood prior to 1949 imposed on appellants the burden of producing such evidence.

Appellants were not obligated by the patent laws to present evidence of the actual operation of their invention, either in the preferred form suggested, or in the various other forms and combinations disclosed. As the Court of Customs and Patent Appeals held, in a quite similar case:

"in the usual case where the mode of operation alleged can be readily understood and conforms

(Footnote 16 cont'd.)

Thus the Act specifically provides that information "concerning the atomic energy programs of other nations" is subject to the statutory prohibitions against disclosure of Restricted Data. Hence those prohibitions extended to information concerning appellants' own activities in France, as well as other activities of the French government.

¹⁷ Atomic Energy Act of 1946, Sec. 10(b)(2)-(4); Atomic Energy Act of 1954, Sec. 224, 225, 226, 42 U. S. C. Secs. 2274, 2275, 2276. Sec. 224 provides:

"Whoever, lawfully, or unlawfully, having possession of, access to, control over, or being entrusted with any document, writing, sketch, photograph, plan, model, instrument, appliance, note, or information involving or incorporating Restricted Data--

(a) communicates, transmits, or discloses the same to any individual or person, or attempts or conspires to do any of the foregoing, with intent to injure the United States or with intent to secure an advantage to any foreign nation, upon conviction thereof, shall be punished by death or imprisonment for life (but the penalty of death or imprisonment for life may be imposed only upon recommendation of the jury), or by a fine of not more than \$20,000, or imprisonment for not more than twenty years, or both;

(b) communicates, transmits, or discloses the same to any individual or person, or attempts or conspires to do any of the foregoing, with reason to believe such data will be utilized to injure the United States or to secure an advantage to any foreign nation, shall, upon conviction, be punished by a fine of not more than \$10,000 or imprisonment for not more than ten years, or both."

Sec. 10(b)(2) of the 1946 Act was substantially identical.

to the known laws of physics and chemistry, operation is not questioned, and no further evidence is required."

Only if the alleged operation either appears to conflict with scientific principles or is of such nature that it cannot be tested by any known scientific principles does it become necessary for the applicant to submit proof of actual operation. Application of Chilowsky, 229 F.2d 457, 462 (C.C.P.A., 1956). Thus the effect of the Board of Appeals' decision was to require plaintiffs, if they would seek a reconsideration of the decision, to produce voluminous evidence not normally required of patent applicants. To require production of such evidence, and hold inexcusable a delay in producing it caused by criminal penalties, is clearly inequitable and raises, we submit, precisely the same kind of constitutional doubts as were found by the Supreme Court in the Societe Internationale case.

D. Appellees Have Denied Appellants a Fair Hearing

Based on the foregoing and other matters the complaint alleges that appellees have been denied a fair hearing (J. A. 22). From what has already been said, it is clear that these allegations were more than sufficient to withstand a motion to dismiss. We need only summarize:

1. The Patent Office has imposed on appellants a burden of proof not normally required of a patent applicant. Appellees have regarded appellants' delay in meeting that burden, necessitated by the security requirements of the United States itself, as not excusable and as placing appellants in default. See Point III C, supra. As a result, appellants have been denied any effective opportunity to respond to the grounds of rejection relied on by the Patent Office.

2. Appellees have played ring-around-the-rosy with appellants. They have refused to permit the Board of Appeals to consider appellants' new evidence on the ground that the application has been abandoned. They have refused to revive the application on the ground that it is "not in condition for allowance" - i. e., that on the merits appellants are not entitled to a patent. Thus appellants cannot get a decision on the merits by the Board of Appeals -- the body charged with decisions

of patentability on the merits, and from whose decision a judicial appeal will lie -- because of an asserted default and cannot get a decision on the default because of asserted deficiencies on the merits. (Points III A and B, supra.)

3. The erroneous decision of the Board of Appeals resulted, in part, from the deliberate failure of the Examiner to disclose facts in his possession inconsistent with the position urged by him and adopted by the Board. (J.A. 15-17) In the circumstances of the case, including both the novelty of the subject matter and the secrecy restrictions enshrouding it, the Examiner had an affirmative duty not to mislead the Board of Appeals by contentions which were inconsistent with facts known to him. Apart from everything else in this case, the Examiner's failure to discharge this duty not to mislead, and the refusal of appellees to allow the Board of Appeals' decision to be reconsidered on this ground, establish the denial of appellants' rights to a fair hearing.

IV.

THE DISTRICT COURT ERRED IN DISMISSING THE COMPLAINT WITHOUT HAVING BEFORE IT THE PATENT OFFICE RECORD.

The apparent basis of the District Court's decision was that the Assistant Commissioner had made the determination required by 35 U.S.C. 133. We have shown in Point II that nothing in the record properly before the District Court warranted such a holding. We have also shown in Point I that the District Court's jurisdiction was not limited to determining whether the Commissioner used the right verbal formula, but included jurisdiction to review the basis for his action to determine whether it was arbitrary, capricious, or contrary to law, and whether it resulted in a denial to appellants of their right to a fair hearing. Resolution of these issues, we submit, could not possibly be made without the full Patent Office record. Only with that record before it could the Court determine the merit or lack of merit of the matters which we have discussed in Point III. Accordingly, once the District Court determined that it had jurisdiction of the complaint, it should have

denied the motion to dismiss, and reserved its decision on the merits of appellants' contentions until it had before it the Patent Office record, and such other evidence as it might conclude the parties were entitled to submit.

This Court has emphasized that on a motion to dismiss under Rule 12 "a complaint should be viewed in the light most favorable to the pleader," Machado v. McGrath, 89 App. D.C. 70, 193 F. 2d 706, 708 (1951), cert. denied, 342 U. S. 948. If it is "possible, from the record as it now stands" that there was an abuse of discretion, the matter should not be disposed of on motion to dismiss. Kraus v. Dulles, 98 App. D.C. 343, 235 F. 2d 840, 842 (1956). See also Sardo v. McGrath, *supra*. We submit that even without the benefit of these presumptions in favor of the pleader, it is clear that the complaint states a claim on which relief can be granted.

CONCLUSION

For the foregoing reasons, the judgment of the District Court should be reversed.

Respectfully submitted,

DAVID GINSBURG

JAMES L. MORRISSON

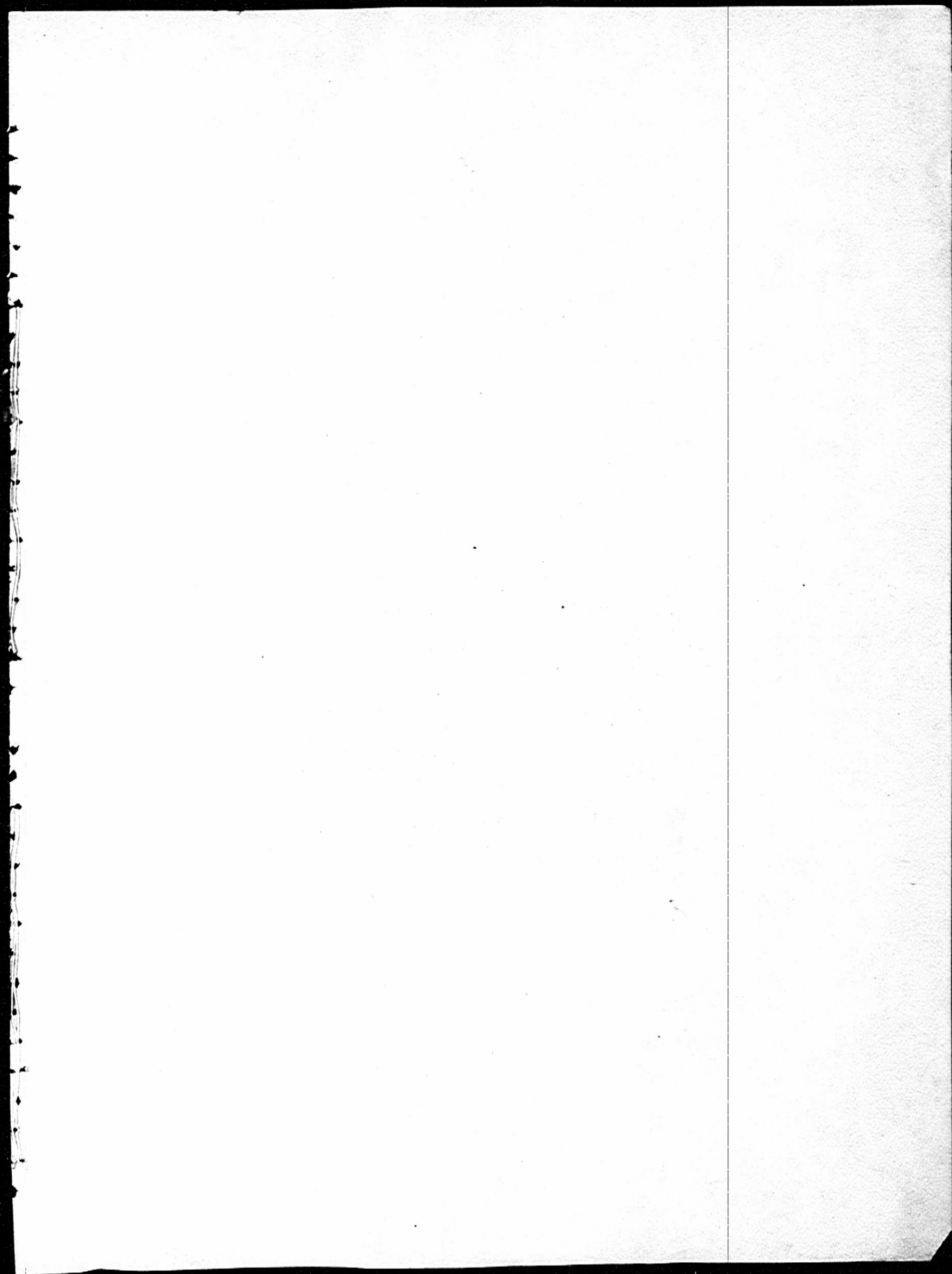
Counsel for Appellants

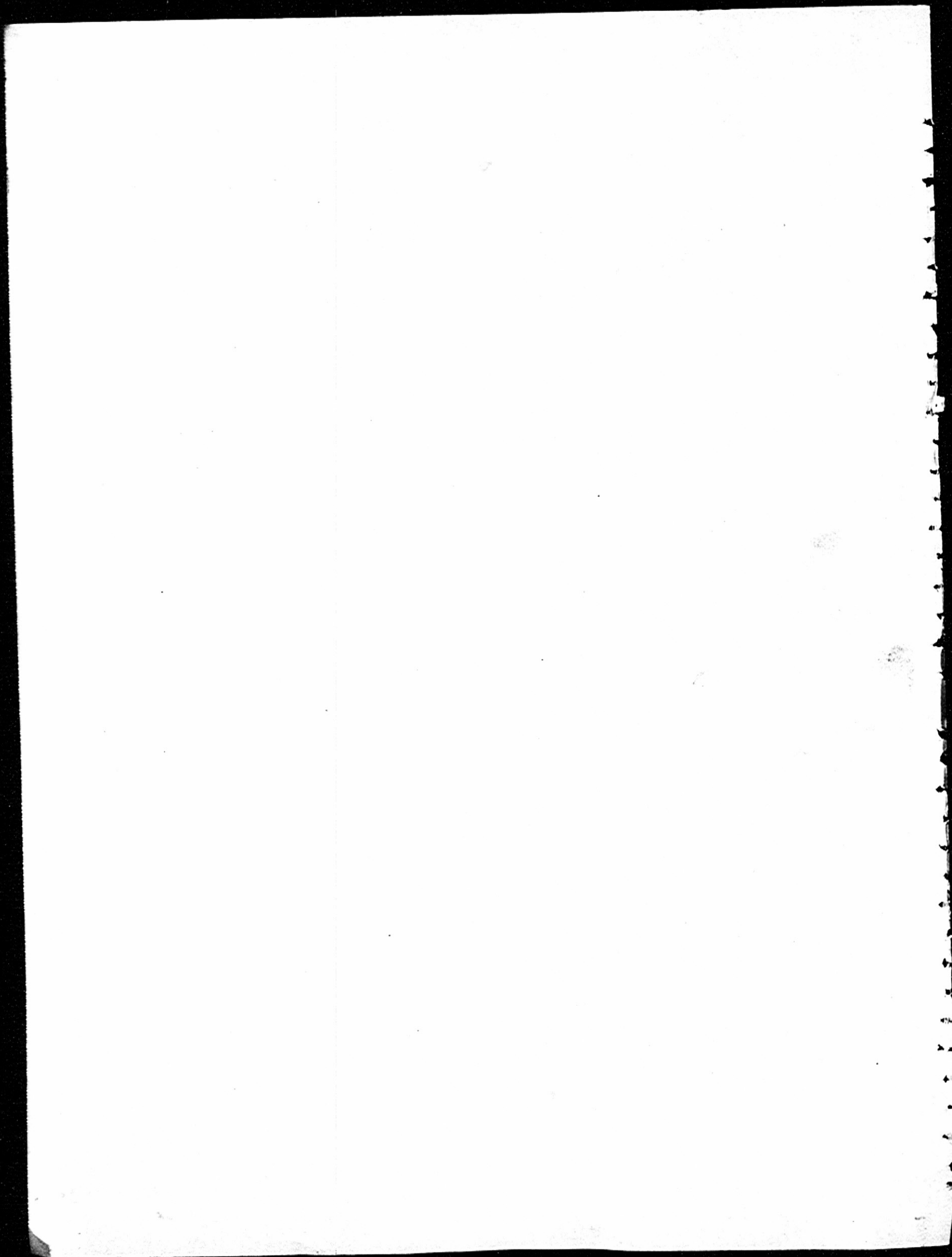
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Of Counsel

March 19, 1959

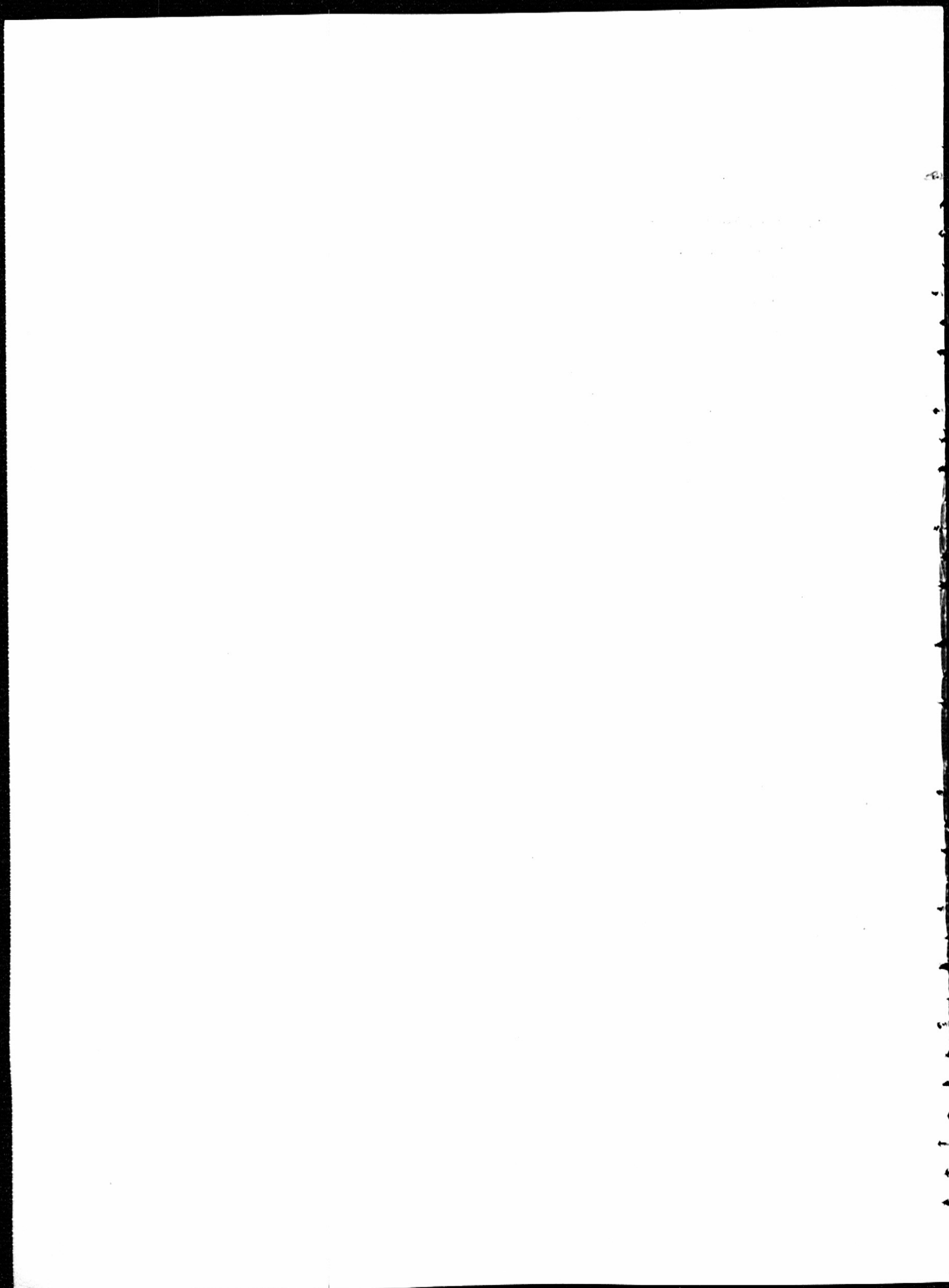




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JOINT APPENDIX

[Filed July 1, 1958]

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

COMMISSARIAT A L'ENERGIE ATOMIQUE)

69, Rue de Varenne)

Paris, France)

JEAN HENRI HALBAN)

18, Avenue Charles Floquet)

Paris, France)

JEAN FREDERIC JOLIOT)

76, Avenue le Notre)

Antony (Seine), France)

LEW KOWARSKI)

40, Avenue Favre)

Geneva, Switzerland)

Plaintiffs)Civil Action No.
1714-58)

v.)

ROBERT C. WATSON as)

Commissioner of Patents and individually)

ARTHUR W. CROCKER, as)

First Assistant Commissioner of Patents
and individually, and)

SINCLAIR WEEKS, as)

Secretary of Commerce, and individually)

Department of Commerce)

Washington, D. C.)

Defendants)Complaint for Issuance of Letters Patent and for
Other Relief.

Plaintiffs, by their attorneys, complain and allege as follows:

COUNT I

1. Plaintiff Commissariat a l'Energie Atomique (CEA) is an agency of the Government of France. Plaintiffs Jean Henri Halban (also known as Hans Heinrich von Halban), Jean Frederic Joliot (also

known as Jean Frederic Joliot-Curie), and Lew Kowarski (the Inventors) are citizens of France. Plaintiffs Halban and Joliot are residents of France; plaintiff Kowarski is a resident of Switzerland.

2. Defendants Watson, Crocker and Weeks are, respectively, Commissioner of Patents, First Assistant Commissioner of Patents and Secretary of Commerce, and are sued in those capacities and as individuals.

3. Jurisdiction of this Court is founded on 28 U. S. C. Section 1331, 5 U. S. C. Section 1009, and 35 U. S. C. Section 145. The value of the patent rights in controversy exceeds \$3,000.

4. (a) In or about January 1939, Plaintiffs Halban, Joliot and Kowarski, who were all then employed in various capacities by agencies of the Government of France, initiated intensive research into the process of nuclear fission which resulted in the discovery that new neutrons were liberated during the fission process, and hence that a neutron chain reaction was possible. Further experimentation and study by the Inventors during February through April, 1939, resulted in the discovery of principles and means for controlling the reaction so as to serve as a source of useful energy. On May 1, 1939, an application for patent was filed in France based on these discoveries and inventions. On April 5, 1940, a corresponding application for patent was filed in the United States claiming the benefits of the French application under the Treaty for the Protection of Industrial Property.

(b) The foregoing United States application, entitled "Device for the Production of Energy" and given Serial No. 328,160, discloses an invention for the production of energy by the use of material fissionable under the action of neutrons and capable of emitting new neutrons in a chain reaction together with means for slowing down (moderating) the newly emitted neutrons to improve the efficiency of the reaction and means for absorbing neutrons to control the reaction.

(c) The Inventors forthwith assigned all right, title and interest in their invention and in patent application Serial No. 328,160 in the United States to Centre Nationale de la Recherche Scientifique (CNRS)

an agency of the French Government, which subsequently assigned all such right, title and interest to plaintiff CEA. All assignments are of record in the United States Patent Office.

5. Plaintiffs actively and diligently prosecuted their application before the Patent Office despite unusual difficulties and problems arising from the outbreak of World War II and the occupation of France, the vesting of the application by the Alien Property Custodian, the imposition of U.S. Government secrecy requirements, and the extreme novelty of the subject matter. The following is a chronology of major actions affecting the prosecution of the application up to August, 1955:

(a) After various actions by the Patent Examiner and amendments by the applicants, the Examiner on November 8, 1941, rejected the then remaining claims in the application. On May 7, 1942, an appeal was filed with the Board of Appeals of the United States Patent Office.

(b) On May 5, 1942, the application was placed under U. S. Government secrecy order. By order of the Board of Appeals dated October 1, 1942, all action on the application was suspended during the existence of the secrecy order.

(c) In November, 1942, the application was vested by Vesting Order No. 293 of the Alien Property Custodian. The power of attorney of plaintiffs' then counsel was immediately revoked by the Custodian. A claim for return of the Vested application was filed by CNRS in February, 1947.

(d) On October 13, 1949, the secrecy order was rescinded and action on the application resumed. In December, 1949, the Examiner filed a Supplemental Statement stating additional grounds for rejecting the application. On November 17, 1950, while the application was still in the exclusive control of the Alien Property Custodian, the Board of Appeals entered an order and opinion affirming the rejection by the Examiner.

(e) Thereafter the Alien Property Custodian issued an order directing the return of the vested application and title to the application was returned to plaintiffs in April, 1954.

6. On August 29, 1955, plaintiffs filed (1) a petition to the Commissioner of Patents seeking revival of their application Serial No. 328,160 and (2) a petition to the Board of Appeals seeking reconsideration of its decision of November 17, 1950, based on newly available evidence. Plaintiffs' petition for reconsideration has never been considered or acted on by the Board of Appeals.

7. (a) Plaintiffs' petition for revival invoked the authority of 35 U.S.C. Section 133 which provides:

"Upon failure of the applicant to prosecute the application within six months after any action therein, of which notice has been given or mailed to the applicant, or within such shorter time, not less than thirty days, as fixed by the Commissioner, in such action, the application shall be regarded as abandoned by the parties thereto unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable."

(b) In support of their petitions for revival and reconsideration, plaintiffs presented extensive evidence establishing (a) that the delay in failing to prosecute the application within six months after the Board of Appeals' decision of November 17, 1950, or within such shorter time as had been prescribed by the Commissioner, was unavoidable and (b) that the decision of the Board of Appeals was in error and that a patent should issue on the application. The foregoing evidence demonstrating the error of the decision of the Board of Appeals was newly discovered by plaintiffs, although much of it had previously been available to defendants or their subordinates.

8. Plaintiffs' petition for revival was denied by defendant Crocker on July 10, 1956. Requests for reconsideration were denied by defendant Crocker on February 26, 1957, July 15, 1957, and February 14, 1958. A request for personal consideration by defendant Watson was denied by him on May 2, 1958.

9. In denying plaintiffs' petition for revival defendants have at no time made any findings or determination contrary to plaintiffs' submission

that the delay in failing to prosecute their application, following the decision of the Board of Appeals of November 17, 1950, and until the petition for revival of August 29, 1955, was unavoidable, and have at no time made any findings or determination that such delay was avoidable. In a petition for reconsideration addressed to defendant Crocker, plaintiffs requested a specific determination whether the delay in further prosecuting the application was avoidable or unavoidable, and requested specific findings of fact setting forth the basis for that determination. This request was ignored.

10. By the terms of 35 U. S. C. Section 133 defendant Watson was required personally to determine whether the delay was avoidable. Although plaintiffs specifically requested the personal determination of defendant Watson, he has refused to make such determination. Defendant Watson has established no standards or criteria, by rule regulation or otherwise, to govern the discretion of the individual or individuals to whom he has purported to delegate his authority to make final determinations under 35 USC Section 133. To the extent that determinations under 35 U. S. C. Section 133 are discretionary, plaintiffs have, without warrant of law, been denied the exercise of the discretion of the individual to whom Congress entrusted such discretion.

11. By the terms of 35 U. S. C. Section 133 the sole issue presented by a petition for revival is whether the delay in prosecuting the application was avoidable. Unless plaintiffs were guilty of avoidable delay, they were entitled to prosecute their application before the Board of Appeals and/or the Examiner, and before this Court or the Court of Customs and Patent Appeals, in accordance with law. Notwithstanding the fact that none of the defendants has ever made a determination that plaintiffs were guilty of avoidable delay, defendants have denied to plaintiffs the right so to prosecute their application. Such denial is arbitrary, capricious, unreasonable, without warrant in and contrary to law, and results in irreparable injury to plaintiffs.

COUNT II

12. Plaintiffs reallege all matters alleged in paragraphs 1 through 11.

13. The basis stated by defendants for their denial of plaintiffs' petition for revival was an asserted "practice" of the Patent Office not to grant a petition for revival "unless accompanied by an amendment which, in the opinion of the Examiner, would place the application in condition for allowance". Such asserted practice is without basis in the statutes or regulations applicable to proceedings in the Patent Office and without warrant in law. Under 35 U. S. C. Section 133 plaintiffs' right and obligation, if the delay in prosecuting their application was determined to be unavoidable, was to "prosecute the application". There is no warrant in law for a further requirement that they place the application in condition for immediate allowance without further prosecution.

14. Under the asserted "practice" relied on by defendants, plaintiffs' right to prosecute their application was made subject to the opinion of the Examiner as to whether the application was in condition for allowance. No opportunity was afforded for review by the Board of Appeals of an erroneous, arbitrary, or capricious determination by the Examiner on that question. Such review was particularly essential in the present case because the Examiner was acting as both opposing counsel and judge. By defendants' actions plaintiffs have been denied their statutory rights, under 35 U. S. C. Sections 134, 141 and 145 to obtain a review by the Board of Appeals and by this Court or the Court of Customs and Patent Appeals of any adverse decision of the Examiner.

15. In his memorandum of February 27, 1957, defendant Crocker further stated that in determining whether plaintiffs' application was in condition for allowance it was not the "proper duty or function of the examiner" to evaluate any new evidence or references submitted by plaintiffs, but that his only duty was "to report on the basis of the record as affirmed by the Board of Appeals". Thus the asserted "practice" on which defendants relied, as here applied, had the effect of denying the plaintiffs any opportunity to have the new evidence submitted by them considered on

the question whether the application was in condition for allowance. Defendants thereby denied plaintiffs any effective opportunity to meet the issues raised by the opinion of the Board of Appeals and to demonstrate that the application was then in condition for allowance. No matter how convincing plaintiffs' demonstration that the Board of Appeals was in error, plaintiffs were denied any adequate opportunity to have that demonstration considered. This further limitation on the asserted "practice" relied on by defendants was arbitrary, capricious, unreasonable and without warrant in and contrary to law, and rendered the asserted "practice" as here applied a mockery of justice.

16. The effect of the foregoing actions of defendants is that:

(a) Plaintiffs have been denied the right, to which they are entitled under 35 U. S. C. Section 133, to have a determination by the Commissioner of Patents of the question whether the delay in prosecuting their application was unavoidable;

(b) Notwithstanding the fact that no determination has been made that plaintiffs have not satisfied the requirements of 35 U. S. C. Section 133, plaintiffs have been denied the right further to prosecute their application before the Board of Appeals and/or the Examiner and before this Court or the Court of Customs and Patent Appeals;

(c) Notwithstanding the fact that no determination has been made that plaintiffs have not satisfied the requirements of 35 U. S. C. Section 133, plaintiffs have been denied any opportunity to obtain the determination of either the Examiner or the Board of Appeals on the question whether the new evidence submitted by them warrants reconsideration, and modification or withdrawal, of the previous rejections of their application;

(d) By refusing to make any determination on the issue of avoidable delay, as required by 35 U. S. C. 133, while at the same time refusing to allow the Examiner or the Board of Appeals to consider whether the application is allowable in the light of the new evidence submitted by plaintiffs, defendants have denied plaintiffs any opportunity for a fair hearing before the Patent Office, and have sought to frustrate any opportunity for judicial review of the actions of the Patent Office.

17. The foregoing actions of defendants were arbitrary, capricious and unreasonable, without warrant in and contrary to law, and result in irreparable injury to plaintiffs.

COUNT III

18. Plaintiffs reallege all matters alleged in paragraphs 1 through 11.

19. At the time of the decision of the Board of Appeals, and for nearly four years thereafter, the exclusive ownership, custody and control of the application, and the exclusive control of its prosecution were in the Alien Property Custodian.

20. The principal ground for refusing plaintiffs a patent on the merits of the invention, as stated in the opinion of the Board of Appeals dated November 17, 1950, was that the application did not contain a sufficient description to enable one skilled in the art to make, construct and use the device for which a patent is sought, and hence did not satisfy the requirements of R. S. Section 4888, now 35 U. S. C. Section 112. This ground of decision rested on the specific reasons that:

(a) The disclosure of the application specified that the various components of the nuclear reactor could be in a gaseous, liquid or solid state, and could be chemically combined or merely mixed, in either a homogeneous or heterogeneous manner; hence "the choices of conditions suggested in the application are all-inclusive" and therefore not instructive;

(b) Many of the possible states or combinations that the application disclosed were inoperative; and

(c) The disclosure in the application consisted of mere "ideas" or "theoretical suggestions" which were not capable of being reduced to practice.

21. The evidence submitted by plaintiffs in support of their requests for reconsideration and revival, to establish that the Board of Appeals erred in the foregoing holdings, includes:

(a) Affidavits from eminently qualified experts in the field of nuclear reactors and atomic physics stating that in their opinion the disclosure in said application No. 328,160 was correct, did in fact disclose all the essential elements necessary for the construction of a nuclear reactor, and was sufficient to teach a person skilled in this art how to construct an operative nuclear reactor in the light of the knowledge known to those skilled in the art at the time the invention was made;

(b) Excerpts from published technical literature and affidavits of persons experienced in reactor construction, establishing that all of the physical states, - i. e., solid, liquid and gaseous - and all of the combinations of materials specified in the application are operable and that many, if not all, have been incorporated in various reactor designs that have been successfully operated. A large number of specific operating reactors were identified and described which embody the several variations of combinations of materials disclosed in plaintiffs' application; and

(c) Affidavits establishing that plaintiff Kowarski had constructed nuclear reactors following the teachings in the application which were first operated in 1945 in Canada and later, after World War II, in France, and further establishing that the delay in time between the filing of the application for patent and the actual realization by plaintiffs of the nuclear reactor was due to wartime inability to obtain the desired material in the necessary quantities and not due to any deficiency in the teachings of said application.

22. Plaintiffs were unable to obtain and submit the foregoing evidence until some time in 1955 by reason of the following circumstances:

(a) The Examiner's rejection of November 8, 1941, on the basis of which the case was appealed to the Board, and the Examiner's Statement of September 24, 1942, filed with the Board were not of such character as to indicate the need for submitting such evidence. That need did not arise until the filing of a Supplemental Examiner's Statement on December 13, 1949, which presented a large number of new objections to the application, and the filing of the opinion of the Board of Appeals,

on November 17, 1950, which raised further matters not discussed at any time by the Examiner. At all times in 1949 and 1950, and until April, 1954, the entire ownership, custody and control of the application, and full control of its prosecution, were in the Alien Property Custodian and not in the plaintiffs.

(b) Between May 5, 1942, and October 13, 1949, the application was under government secrecy order. By the terms of that order plaintiffs' then counsel were directed that no communication should be held with plaintiffs in respect to the order.

(c) Under Section 10(b) of the Atomic Energy Act of 1946 and Section 11(w) of the Atomic Energy Act of 1954 all data concerning the production of fissionable material and the use of fissionable material in the production of energy were classified Restricted Data unless and until declassified by the Atomic Energy Commission. Both Acts prescribe severe penalties for any unauthorized communication, transmission or disclosure of such Restricted Data, including a penalty of death or imprisonment for life for any such communication, transmission or disclosure made with intent to secure an advantage to a foreign nation. Since the application had been assigned to the agency of the Government of France, any communication, transmission or disclosure of Restricted Data made to further its prosecution would have been subject to the penalties applicable to cases involving intent to secure an advantage to a foreign nation. By reason of these provisions plaintiffs and their counsel were precluded from obtaining or submitting to the Patent Office any information, not declassified by the Atomic Energy Commission, which in any way concerned the subject matter of the invention. Plaintiffs were even precluded from communicating to, or discussing with, their counsel any such information.

(d) Upon information and belief, information concerning the design and construction of nuclear reactors, in sufficient detail and relating to a sufficient number and variety of reactors to enable plaintiffs to demonstrate the operability of the invention in the various forms disclosed by the application Serial No. 328,160, and to refute the various errors in the opinion of the Board of Appeals referred to above was

Restricted Data until sometime in 1955.

(e) Upon information and belief, the complete details of the pioneer nuclear reactors were not declassified by the U. S. Atomic Energy Commission until April, 1955, nor published until May, 1955. Indeed much information concerning power reactors of advanced design remained Restricted Data and was not made declassifiable by the United States Atomic Energy Commission until December 1956; and considerable information concerning many nuclear reactors at this date still remains classified Restricted Data.

(f) Despite diligent search of all available unclassified literature on file in the U. S. Patent Office and elsewhere plaintiffs' present counsel were unable until the latter part of 1955 to discover sufficient unclassified detailed descriptions of the design, construction and operation of operative nuclear reactors of different types to refute the erroneous conclusions of the Board of Appeals.

23. When the foregoing evidence showing the errors of the Board of Appeals, which was at all times in the hands of or available to the United States Government, began to be made available to plaintiffs as the result of declassification actions by the Atomic Energy Commission, plaintiffs promptly filed their requests for reconsideration and revival. As further information became available supplemental evidence, in large volume, was submitted with all possible speed.

24. Plaintiffs have never intended to abandon United States application No. 328, 160. On the contrary, they have been unusually diligent in obtaining patents on the invention throughout the world. Applications for patent for the invention described in U. S. application No. 328, 160 have been filed in the countries listed below and patents have been granted thereon in the majority of those countries:

France	Rumania	Egypt
England	Sweden	Liberia
Austria	Switzerland	Morocco
Belgium	Turkey	Palestine
Bulgaria	Yugoslavia	South East Africa
Czechoslovakia	Argentina	Tangier
Denmark	Bolivia	Tunisia

Spain	Brazil	Union of South Africa
Germany	Canada	Ceylon
Greece	Chile	English Indies
Holland	Ecuador	Iraq
Hungary	Mexico	Japan
Ireland	Paraguay	Libya
Italy	Peru	Syria
Luxemburg	Uruguay	Australia
Norway	Venezuela	New Zealand
Portugal	Belgian Congo	Pakistan

An application filed October 20, 1954, before the United States Atomic Energy Commission for an award under Section 157 of the Atomic Energy Act of 1954, based on the invention disclosed in application No. 328,160 and other inventions, is pending.

25. To the extent, if any, that defendants' action in denying plaintiffs' petition for revival rests on an unexpressed conclusion that plaintiffs were guilty of avoidable delay, such action is not only contrary to law by reason of the failure to make such a determination explicit so as to afford plaintiffs opportunity to refute it, but is also contrary to law in that any such determination, had one been made, would be arbitrary, capricious, unreasonable and an abuse of discretion. Such action resulted in irreparable injury to plaintiffs.

COUNT IV

26. Plaintiffs reallege all matters alleged in paragraphs 1 through 25.

27. The Examiner's Statement of September 24, 1942, supporting his rejection of plaintiffs' application, rested on the following grounds:

(a) It is uncertain whether the process of nuclear fission, described by plaintiffs on the basis of laboratory experiments, will operate when large amounts of heat and energy are sought to be produced.

(b) The application related to "subject matter which is not sufficiently useful and important within the meaning of R. S. Section 4893. Any chain reaction liberating excess neutrons, encountered in the present state of the art, does not produce sufficient energy to be of any practical importance".

(c) The application was anticipated by prior art.

(d) The subject matter "has not been sufficiently disclosed to enable those skilled in the art to practice the invention, as required by R. S. Section 4888. The disclosure is mainly devoted to suggestions as to what might be tried, if a sufficient amount of the required uranium isotope is ever collected in one place and if the chain reaction observed in specimens measured in micrograms would also appear in larger amounts of the material. Merely suggesting experiments to be performed some time in the future is not considered to be a proper disclosure within R. S. Section 4888".

28. This rejection was clearly erroneous in the following respects:

(a) Any uncertainty as to whether the process described in the application would operate was conclusively refuted by plaintiffs Halban and Kowarski in England by reports in July 1940 to the British Government, copies of which were furnished to United States scientists and to the United States Government in 1940, and by tests performed in December, 1940, with heavy water and uranium oxide, the reports of which were turned over by the British Government to the United States Government in 1941. Any such doubt was further resolved less than three months subsequent to the Examiner's rejection by the successful operation of a nuclear reaction embodying the principles of plaintiffs' invention at the University of Chicago on December 2, 1942.

(b) Subsequent events have demonstrated that the subject matter of the application is one of the most basic, far-reaching, and vitally important discoveries and inventions in the world's history.

(c) The prior art references of record having an effective date prior to May 1, 1939, individually and collectively, fail to disclose either (1) a neutron chain reaction, (2) the method of constructing such a reaction or (3) the means for preventing such a reaction from exploding. Thus the references, individually and collectively, do not anticipate plaintiffs' invention.

(d) The finding of insufficient disclosure rests, as the matter quoted in paragraph 27(d) shows, on the erroneous assumption that the invention is inoperable.

29. After the foregoing Examiner's rejection was made, the application was vested by the Alien Property Custodian. From that time until April, 1954 the exclusive ownership, custody and control of the application, and the exclusive control over its prosecution, were in the Alien Property Custodian and not the plaintiffs.

30. On December 13, 1949, while the application was thus owned and controlled by the Alien Property Custodian, the Examiner filed a Supplemental Statement, consisting of nine pages. That statement relied extensively on publications in 1945 and 1947 in support of assertions that the disclosures of the application are inaccurate and incomplete, cited additional alleged prior art references, none of which are prior to the plaintiffs' French filing date of May 1, 1939, and advanced numerous new arguments and contentions. On November 17, 1950, while the application was thus owned and controlled by the Alien Property Custodian, the Board of Appeals handed down its decision, which relies on numerous assertions and arguments not contained in the Examiner's report. Plaintiffs have at no time been afforded an opportunity to respond to and present evidence refuting the new matters relied on by the Examiner and the Board.

31. Under the practice of the Patent Office, an applicant has the option, when new rejections are made by the Examiner, or the Board of Appeals, to reopen prosecution before the Examiner. Plaintiffs have at no time been afforded the opportunity to reopen prosecution of their application before the Examiner or the Board of Appeals.

32. In rejecting plaintiffs' petition for revival defendant Crocker stated that the evidence relied on by plaintiffs to demonstrate the errors of the Board of Appeals should not be considered because based on publications subsequent to the applications. This ruling is totally inconsistent with the fact that the Examiner and the Board of Appeals themselves relied on publications subsequent to the application. Defendants' action in holding that although the Examiner and Board of Appeals could rely on subsequent publications to reject the application, applicant could not rely on subsequent publications to demonstrate the errors committed by the Board of Appeals, was arbitrary, capricious, unreasonable, and without warrant in and contrary to law.

33. By reason of the foregoing the action of the defendants, to the extent, if any, that it constituted a denial of plaintiffs' petition for reconsideration, was arbitrary, capricious and unreasonable, without warrant in and contrary to law, and denied to plaintiffs their rights to a fair hearing and to opportunity to meet the evidence and arguments relied on to reject their application, in violation of the patent laws and the Fifth Amendment to the Constitution. Such action has resulted in irreparable injury to plaintiffs.

COUNT V

34. Plaintiffs reallege all matters alleged in paragraphs 1 through 33.

35. At the time of the decision of the Board of Appeals of November 17, 1950 the Patent Office had on file numerous applications concerning nuclear reactors of various types which followed the teachings of plaintiffs' application No. 328, 160, which were being prosecuted under secrecy order by the United States Atomic Energy Commission. Plaintiffs had no access to those applications. One such application, Fermi et al, No. 588, 904, filed December 19, 1944 was declassified by the U. S. Atomic Energy Commission on April 1, 1955, and granted by the Patent Office on May 17, 1955 as patent No. 2, 708, 656. Others of such applications filed between December, 1944 and 1950 were similarly declassified and granted at various later dates.

36. The disclosures of the foregoing applications, all of which were owned by the United States Atomic Energy Commission, and other matters made known to the Patent Office in connection with those applications, established that the teachings of plaintiffs' application No. 328, 160 were operable, and that actual reactors, the details of which were classified as Restricted Data, were constructed in accordance with the disclosures in plaintiffs' application No. 328, 160 and were operable.

37. All of the foregoing applications bear dates subsequent to plaintiffs' invention. None of them interferes with, or is rendered unpatentable by, plaintiffs' application Serial No. 328, 160.

38. In his replies and other submissions in 1949 and 1950 the Examiner stated to the Board of Appeals that plaintiffs had failed to show that one skilled in the art could construct and operate a nuclear reactor by following the teachings of plaintiffs' application No. 328,160 and had failed to show that nuclear reactors had in fact been constructed and successfully operated following those teachings. At that time the same Examiner had pending before him the applications referred to in paragraph 35, which disclosed the details of successfully operating reactors constructed in accordance with the teachings of plaintiffs' application No. 328,160. Indeed at approximately the same time the same Examiner disallowed many of the claims of the Fermi et al. application, No. 588,904, which was based on a successfully operating reactor, on the ground that those claims were anticipated by Australian patents issued in 1940 which correspond to plaintiffs' U.S. applications Serial No. 328,160 and 328,372.

39. The Examiner deliberately and wilfully failed to direct the attention of the Board of Appeals to any of the facts alleged in paragraphs 35 through 38 and deliberately and wilfully made assertions to the Board which he knew or should have known would lead the Board of Appeals (which did not have access to applications classified as Restricted Data) to reach improper conclusions as to the correctness and completeness of the disclosure in application Serial No. 328,160.

40. The action of the Patent Office in denying plaintiffs' application on grounds which were contradicted and refuted by secret evidence available to the Patent Office but unavailable for use by plaintiffs constituted a denial of justice and a frustration of plaintiffs' rights to a fair hearing under the patent laws and the Fifth Amendment. Plaintiffs were not and could not become aware of the commission of such denial of justice until the Fermi et al. application, No. 588,904, identified in paragraph 35, was declassified by the Atomic Energy Commission. Promptly after plaintiffs became aware of the commission of such denial of justice, plaintiffs requested revival and reconsideration of their application, referring specifically to the disclosures of the Fermi et al. patent No. 2,708,656. In refusing to revive and reconsider plaintiffs' application

defendants have ratified, affirmed and perpetuated the foregoing denial of justice, to plaintiffs' irreparable damage.

COUNT VI

41. Plaintiffs reallege all matters alleged in paragraphs 1 through 40.

42. While the application Serial No. 328,160 was vested by and in the exclusive ownership, custody, and control of the Alien Property Custodian, the Examiner in December, 1949 made new rejections of the application, and the Board of Appeals in its decision dated November 17, 1950 affirmed the Examiner's new rejections and gave new reasons for denying a patent on said application. The Alien Property Custodian failed to answer or refute the foregoing new rejections of the Examiner and new reasons of the Board of Appeals.

43. Where new rejections are relied on by the Examiner or the Board to reject an application, the applicant has the option, under the practice of the Patent Office, to reopen prosecution of the case before the Examiner. The Alien Property Custodian failed to exercise his option thus to reopen the case before the Examiner.

44. Following an adverse decision of the Board of Appeals the applicant has, under 35 U. S. C. 141, and 145, the right to obtain review of the Board of Appeals decision by this Court or the Court of Customs and Patent Appeals. The Alien Property Custodian failed to exercise either right.

45. In April, 1954, title to said application Serial No. 328,160 was returned, under 50 U. S. C. App. Section 32 to CNRS, the predecessor in interest of plaintiff CEA.

46. Section 32 (d) of the Trading with the Enemy Act, 50 U. S. C. App. Section 32 (d), provides in part:

"...any person to whom return is made hereunder shall have all rights, privileges, and obligations in respect to the property or interest returned or the proceeds of which are returned which would have existed if the property or interest had not vested in the Alien Property Custodian..."

47. By refusing to allow plaintiffs' application to be revived and reconsidered, following the return of that application to plaintiffs in June, 1954, defendants have denied to plaintiffs the rights, privileges, and obligations in respect of that application which would have existed if the application had not been vested, namely:

- (a) The right and privilege to answer and refute the new matter relied on by the Examiner and the Board of Appeals;
- (b) The right and privilege to petition for reconsideration by the Board of Appeals;
- (c) The right and privilege to reopen prosecution of the application before the Examiner;
- (d) The right and privilege to bring action in this Court or the Court of Customs and Patent Appeals.

Such denial is in violation of the terms and purposes of the Trading with the Enemy Act, and deprives plaintiffs of their property in the application without due process of law and without compensation, in violation of the Fifth Amendment to the Constitution.

COUNT VII

48. This cause of action arises under 35 U.S.C. 145. No appeal has been taken herein to the Court of Customs and Patent Appeals.

49. Plaintiffs reallege the allegations in paragraphs 1, 2 and 4.

50. Claims Nos. 2, 4, 7, 9, 11, 25 to 31, inclusive, of said application Serial No. 328,160 were finally rejected by the primary Examiner. On appeal taken from his decision, the Board of Appeals affirmed said decision. The defendants have refused on May 2, 1958 and still refuse to grant a patent on said application as to claims 2, 4, 7, 9, 11, 25 to 31 inclusive. Plaintiffs are dissatisfied with the foregoing decisions and actions.

51. The claims in issue are as follows:

31. A device for the production of energy, essentially formed of a mass of substance susceptible to give rise under the action of neutrons to an emission of neutrons in a chain, the arrangement being such that the said

substance can be enclosed in an envelope and comprises in its midst, an element for slowing down the neutrons and bringing all or part of the latter to approximate thermal equilibrium with the mass, said element being in an amount less than that which hinders unlimited development of chains in a divergent geometric progression and an element absorbing the slowed down neutrons in a proportion which becomes higher with respect to the absorption by the base substance when the temperature rises, the said device being started by the action of neutrons and substantially stabilizing the temperature of the mass.

2. A device such as claimed in claim 31, characterized by the fact that the base substance comprises uranium.
4. A device such as claimed in claim 31, characterized by the fact that the element for slowing down the neutrons is a very light element.
7. A device such as claimed in claim 31, characterized by the fact that the absorbing element comprises cadmium.
9. A device such as claimed in claim 31, characterized by the inclusion of an arrangement of reflecting bodies about the said mass for decreasing the critical mass of the substance susceptible to give rise under the action of neutrons to an emission of neutrons in a chain.
11. A device such as claimed in claim 31, characterized by the fact that slowing down and/or absorbing elements are used which have a high density characteristic.
25. A device such as claimed in claims 31, 2 and 7, in which the cadmium is introduced inside the mass of uranium.
26. A device such as claimed in claims 31 and 4 in which the element for slowing down the neutrons is gaseous.
27. A device for the production of energy essentially formed of a mass of uranium having introduced inside the mass an absorbing element comprising cadmium in the relation

$$n' = n \frac{P}{A \cdot C}$$

in which n is the average number of neutrons liberated by one nuclear fission of uranium, P the product of the concentration of uranium (number of atoms per cube centimeter) with the cross section of the uranium

nucleus for the production of a fission by thermal neutrons, A the sum of the corresponding products taken for all sorts of nuclei present in the device for which the cross section for the absorption of thermal neutrons varies approximately proportionally to the neutron velocity, C the corresponding product for the absorbing element whose cross section is decreasing less rapidly with increasing neutron velocity, and n' designates the maximum concentrations introduced into the system.

28. A device for the production of energy essentially formed of a mass of uranium having introduced inside the mass an absorbing element comprising an element which is smaller in quantity than the quantity which hinders the unlimited development of chains and which is introduced in the relation

$$n' = n \frac{P}{A + C}$$

in which n is the average number of neutrons liberated by one nuclear fission of uranium, P the product of the concentration of uranium (number of atoms per cube centimeter) with the cross section of the uranium nucleus for the production of a fission by thermal neutrons, A the sum of the corresponding products taken for all sorts of nuclei present in the device for which the cross section for the absorption of thermal neutrons varies approximately proportionally to the neutron velocity, C the corresponding product for the absorbing element whose cross section is decreasing less rapidly with increasing neutron velocity, and n' designates the maximum concentrations introduced into the system.

29. A device for the production of energy essentially formed of a mass of uranium having introduced inside the mass an absorbing element comprising a gaseous compound which is introduced into the uranium according to the formula

$$n' = n \frac{P}{A + C}$$

in which n is the average number of neutrons liberated by one nuclear fission of uranium, P the product of the concentration of uranium (number of atoms per cube centimeter) with the cross section of the uranium

nucleus for the production of a fission by thermal neutrons, A the sum of the corresponding products taken for all sorts of nuclei present in the device for which the cross section for the absorption of thermal neutrons varies approximately proportionally to the neutron velocity, C the corresponding product for the absorbing element whose cross section is decreasing less rapidly with increasing neutron velocity, and n' designates the maximum concentrations introduced into the system.

30. A device for the production of energy essentially formed of a mass of uranium having introduced inside the mass an absorbing element comprising hydrogenated compound of cadmium in the relation

$$n' = n \frac{P}{A + C}$$

in which n is the average number of neutrons liberated by one nuclear fission of uranium, P the product of the concentration of uranium (number of atoms per cube centimeter) with the cross section of the uranium nucleus for the production of a fission by thermal neutrons, A the sum of the corresponding products taken for all sorts of nuclei present in the device for which the cross section for the absorption of thermal neutrons varies approximately proportionally to the neutron velocity, C the corresponding product for the absorbing element whose cross section is decreasing less rapidly with increasing neutron velocity, and n' designates the maximum concentration introduced into the system.

COUNT VIII

52. Plaintiffs reallege all matters alleged in paragraphs 1 through 51.

53. Plaintiffs' application discloses a new and useful apparatus for producing energy in the form of heat which is convertible into other forms of energy by conventional processes. The apparatus was of a revolutionary character when invented by plaintiffs in 1939 because it permitted energy to be released from the nucleus of an atom; it will enjoy tremendous and widespread usefulness; and plaintiffs' invention is prior in time to any other comparable disclosure. Patents on the corresponding applications, have been granted in a large number of foreign countries.

Numerous patents have been granted in the United States to the United States Atomic Energy Commission on improvements to plaintiffs' basic invention. The denial of a patent to plaintiffs on application serial No. 328,160 in the United States is contrary to the purposes and policy of the patent laws.

54. As is more particularly alleged in paragraphs 1 through 51 hereof defendants have persistently and systematically refused, not only to grant plaintiffs the patent to which they are entitled, but to permit any consideration of plaintiffs' contentions on their merits.

55. Each of the various actions of defendants alleged in Counts I through VII hereof is in itself unlawful and a proper basis for a cause of action as alleged therein. In addition, the totality of those actions constitutes a pattern whereby defendants and their subordinates, by a succession of unfair, unreasonable and unlawful actions, have effectively denied plaintiffs their rights to a hearing. The cumulative impact of defendants' actions has been to convert the proceedings before the Patent Office into a grossly unfair, arbitrary, and unconscionable exercise of power, contrary to law. Defendants' denials of plaintiffs' rights to patent, and to a full adequate and fair hearing on their application for patent, are contrary to the patent laws and the regulations of the Patent Office, and deprive plaintiffs of their procedural and substantive rights under the patent laws and the Fifth Amendment of the Constitution of the United States, to plaintiffs' irreparable injury.

WHEREFORE, plaintiffs pray for an order:

1. Declaring that plaintiffs are entitled to receive a patent on their application No. 328,160 and authorizing defendants to issue a patent on said application, including claims 2, 4, 7, 9, 11 and 25 to 31 inclusive.

2. Alternatively, declaring that plaintiffs are entitled to have their application No. 328,160 revived, and deemed continuously pending since its filing date, and to have their said application reconsidered by the Board of Appeals, and directing that such application be so revived, deemed continuously pending and reconsidered.

3. Granting plaintiffs such other and further relief as the court may deem just and proper.

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Attorneys for Plaintiffs

[Verification]

[JURAT dated July 1, 1958.]

[Filed Jan. 26, 1959] OFFICIAL TRANSCRIPT
DEFENDANTS' MOTION TO DISMISS

1

IN THE

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

COMMISSARIAT A L'ENERGIE ATOMIQUE,
JEAN HENRI HALBAN,
JEAN FREDERIC JOLIOT,
LEW KOWARSKI,

Plaintiffs

v.

ROBERT C. WATSON,
Commissioner of Patents,
ARTHUR W. CROCKER,
First Assistant Commissioner of Patents,
SINCLAIR WEEKS,
Secretary of Commerce,

Defendants

Civil Action
No. 1714-58

COMMISSARIAT A L'ENERGIE ATOMIQUE,
JEAN HENRI HALBAN,
JEAN FREDERIC JOLIOT,
LEW KOWARSKI,

Plaintiffs

v.

ROBERT C. WATSON,
Commissioner of Patents,
ARTHUR W. CROCKER,
First Assistant Commissioner of Patents,
SINCLAIR WEEKS,
Secretary of Commerce,

Defendants

Civil Action
No. 1715-58

Washington, D. C.
October 20, 1958

2

The above-entitled causes came on for hearing on Defendants'
Motion to Dismiss, before the HONORABLE EDWARD A. TAMM,
United States District Judge, at 10:10 a.m.

APPEARANCES:

JAMES L. MORRISON, Esq.,
Counsel for Plaintiffs

JOSEPH SCHIMMEL, Esq.
Counsel for Defendants

PROCEEDINGS

3 THE CLERK: Commissariat A L'Energie Atomique v. Watson.

MR. SCHIMMEL: If the Court please, these are two civil actions filed by an agency of the French Government, and three individual French citizens against the Secretary of Commerce, Commissioner of Patents, and the First Assistant Commissioner of Patents, involving abandoned patent applications.

Both proceedings, I believe, can be handled in one presentation. I think counsel for Plaintiffs will agree with that.

MR. MORRISSON: That is right.

MR. SCHIMMEL: So I am speaking now in connection with 1714-58.

Defendants have filed a motion to dismiss both actions on the grounds that the Court lacks jurisdiction, and that the relief requested by Plaintiffs is beyond the power of this Court to grant.

The chronology involving these applications is important to a consideration of the question.

THE COURT: The Court has read the pleadings, and I understand the chronology.

MR. SCHIMMEL: All right, Your Honor. I will then proceed to the matter of jurisdiction.

4 Paragraph 3 of the complaint asserts jurisdiction based upon 35 U.S.C., Section 145, which provides that this Court may have jurisdiction of a case in which the Board of Appeals of the Patent Office has refused a patent.

In this proceeding, Plaintiffs are asking the Court to direct the Commissioner of Patents to revive an application which the Commissioner of Patents asserts became abandoned by operation of law, and which was not shown to his satisfaction was revivable or in condition to be placed upon the register of pending applications.

THE COURT: Perhaps I can better understand your argument if you will explain to me how the Commissioner holds the conduct of the Alien Property Custodian to be the conduct of these Plaintiffs.

As I understand this situation, the Alien Property Custodian was the nominal applicant for the patent rights over a period of years, and the adverse action of the Patent Commissioner was taken at a time when these Plaintiffs figuratively had their hands tied. They were unable to take any action because the Alien Property Custodian was supposed to represent them.

Isn't that correct?

MR. SCHIMMEL: First, I would like to refresh your recollection on some of the dates involved, if I may.

The vesting order of the Alien Property Custodian was dated
5 November 1942. And that was just a few days prior to the filing of an appeal to the Board of Appeals of the Patent Office from the adverse decision of the Examiner.

In February, 1947, while the case was in a suspended status before the Patent Office because of the secrecy order, the original owners filed a claim for return of the property to them with the Alien Property Custodian; and that property was returned to them in 1951.

Of course, prior to that, in October 1949, the secrecy order was rescinded. Normal prosecution of the application was resumed as of that date.

When prosecution was resumed, the attorneys for the original owners, those who had been originally appointed by the owners of the application, were notified by the Alien Property Custodian that prosecution had been resumed, and they were not adverse, under their rules, because of the claim for return of the property, to have whatever information those people could present to them then, so that they could present that to the Board of Appeals.

In fact, the record shows that those attorneys who had been appointed by the original owners did, in fact, file a brief before the Board of Appeals in connection with the adverse decision of the Examiner.

THE COURT: What year was this?

MR. SCHIMMEL: This was in 1949. Pardon me. It was in June
6 1950 that the brief was filed. Claim for return of the property was

filed in '47 and actually returned in December of '51. But the original attorneys had, with the consent and approval of the Alien Property Custodian, presented a brief before the Board of Appeals to convince the Board that the Examiner's rejection was incorrect.

The Board of Appeals rendered its decision in November of 1950.

Now, four years elapsed before anything was done after that adverse decision of the Board of Appeals.

THE COURT: And the property had been returned to the Plaintiffs?

MR. SCHIMMEL: The property was returned the following year, in December of 1951.

THE COURT: When were the secrecy regulations relaxed on this?

MR. SCHIMMEL: In October 1949. So while the adverse decision of the Board of Appeals was issued in November 1950, the property returned in December of 1951, it was not until four years later that new attorneys entering the picture, acknowledging that the applications were abandoned, asked the Commissioner to revive those applications under the provisions of Section 133 of the Title 35, which permitted the Commissioner to revive an application if it was shown to his satisfaction that the delay in prosecution was unavoidable.

7 The facts and the reasons for the delay were presented to the Commissioner, and in July of 1956, that petition for revival was denied.

While expressing some doubt as to whether or not Section 133 applied to a situation in which the only possible remedy was to seek review from the Courts of an adverse decision of the Board of Appeals, nevertheless, in the decision denying the petition, the Commissioner said that the showing made was not persuasive of revival.

Plaintiffs here apparently say that what the Commissioner must say is that the delay is unavoidable. In the event he does not use the exact word, "unavoidable," he has not exercised his discretion Congress gave him to determine whether or not the case could be revived.

My assertion is that that decision which has been placed in the discretion of the Commissioner by Congress was a judicial discretion. The facts asserted in the petition for revival were considered. That

was pointed out in the subsequent decisions of the Commissioners on reconsideration; and there were four of those in the years 1957 and February 1958; and then a request for a personal consideration by the Commissioner was filed, which was considered in May of 1958, subsequent to which these actions were filed.

Now, it is my assertion that the question of the revival of application was placed by Congress within the discretion of the Commissioner, and it is not competent for this Court to review it under an action brought under Section 145 of Title 35, or as it was previously, under the old 4915 Revised Statutes.

The Court of Appeals has specifically passed on that question in the case of *Cregier v. Coe*, in 62 App. D. C., Page 320. The Court, if I may quote, saying this:

"For the reason that a proceeding in equity under Section 4915 cannot be had upon an order from the Commissioner denying the revival of an abandoned application..." -- they said the appeal was without merit.

"This proceeding can only be had in a case where the Commissioner has denied a patent."

Clearly, the Plaintiffs do not come within the provisions of the statute providing for the equity proceeding. "The denial of a motion to revive an application is not equivalent to the refusal to grant a patent. Hence, the Court below was right in dismissing the bill for lack of jurisdiction."

I assert, Your Honor, that the same situation exists in this case. We have exactly the same situation, an abandoned application, which the Plaintiffs seek to bring within the purview of Section 145, of which

4915 was a predecessor.

Jurisdiction under 145 is only from an action of the Board of Appeals, not from an action of the Commissioner.

In addition to relying on Section 145 of Title 35, Plaintiffs have sought to raise the jurisdictional issue under the Administrative Procedures Act; and I think also here the Court of Appeals for this Circuit

has decided that question adversely to them.

If this Court has no jurisdiction under the basic statute, no additional remedy is created by the Administrative Procedures Act, for one thing. Without jurisdiction under Section 145, no jurisdiction is granted because of the Administrative Procedures Act.

That was decided essentially in *Almour v. Pace*, in 90 U. S. App. D. C. That was not directed to a patent situation, but directed to essentially the same basic fundamental principle. If the Court has no jurisdiction, none was granted by the APA.

Furthermore, I would urge that the Administrative Procedures Act does not apply here likewise because this is a matter which has been left to the discretion of the Commissioner. Discretionary matters of this sort are specifically excluded by the Administrative Procedures Act.

That it has been completely considered to be by the Courts of
10 this jurisdiction a matter within the discretion of the Commissioner is in the case I previously referred to, as well as in a case prior to that, in 61 Appeals D. C. 376, *Chessin v. Robertson*, in which we had somewhat an analogous situation.

The case had proceeded to adverse decision by the Board of Appeals, and no appeal was taken from that decision. Just a few days prior to the expiration of the six months provided by statute for seeking court review of that adverse decision, the applicant filed an amendment in the Patent Office, proposing the cancellation of the claims that the Board had refused, but asking for other claims. That amendment was refused entirely by the Examiner as improper under the circumstances of the case, and because the six-month period had then elapsed, he held the case abandoned.

A petition to revive was filed, and it was denied by the Commissioner. In the denial, the Commissioner made the comment that he "was not adverse to reconsidering the question if the applicant so requests and accompanies that request with an amendment which the Examiner reports puts the case in condition for allowance, and at the same time pays the final fees, so that the Patent Office application which has been pending for nearly eight years can be issued without further delay."

I quote that portion of the decision because of the emphasis which
11 has been placed by Plaintiffs in this case on the fact that by requiring an amendment which would place the case in condition for allowance in the instant case, the Commissioner has exceeded his statutory authority. That requirement is completely illegal according to them.

In the Chessin case, that requirement was made, and the Court of Appeals points to it with approval. There is no indication by the Court that that is improper or illegal.

In this connection, I might point out that broad discretion is granted the Commissioner in these situations. The only thing that the statute says is that it must be shown to the satisfaction of the Commissioner that the delay was unavoidable.

No criteria are set up, no limits, no bounds to his discretion. During the course of the years in which that same statutory provision has been invoked, certain requirements and certain rules of procedure and practice have developed in handling these petitions for revival of abandoned applications.

Rule 137 has been in force for many years in which the Commissioner has placed the Bar on notice that every petition for revival must have a showing of the causes of the delay and must be accompanied by a fully responsive amendment, if such amendment had not been previously presented.

12 Now, in the situation such as we have in the applications at Bar, the only proper amendment would either be to put the case in condition for allowance or to seek review by the Court if that were available. Prosecution in the Patent Office had been closed. And the assertion that the additional requirement that the Commissioner had placed upon the Plaintiffs of placing the application in condition for allowance, if they could, as being arbitrary, capricious and illegal, I think is fully answered by the Chessin case.

So on both basic assertions of jurisdiction in the complaint, it is our position that this Court has no power to grant the relief that is

asked for here, which, as I pointed out previously, was that the Commissioner be directed to revive this application, something which Congress placed in his complete discretion; and the Court of Appeals has approved that holding. He has complete discretion in these matters. It is not an arbitrary discretion, as the Plaintiffs have contended, not arbitrary at all. He considered all the facts and circumstances that were presented in the petition to revive; and he said, the showing is not persuasive.

Under those circumstances, I submit, Your Honor, the motion to dismiss in these cases should be granted.

13 THE COURT: If I read the Plaintiffs' contentions correctly, Plaintiffs have said that the Patent Office refused to issue the patent in this case because they said in 1940 or '41 that the patent did not disclose a workable device. The Plaintiffs then point out that the course of history since has shown that the patent for which they applied did permit the use of the fissionable material, and that the Examiner's statement in this regard was then erroneous.

In other words, the Plaintiffs take the position that the Patent Office's ruling has been erroneous from the very beginning.

MR. SCHIMMEL: Well, even assuming that that be correct, Your Honor, the law provides how that erroneous conclusion or decision can be remedied. Not in the manner sought here. That erroneous conclusion can only be remedied by proceeding according to either alternative remedy provided by the statute: To seek review of the adverse decision of the Board of Appeals in the Court of Customs and Patent Appeals, or by bill of equity in this Court under Section 145. Not to have this Court pass upon the question of whether or not the Commissioner properly exercised the discretion that was granted him by Congress to revive the application.

That is what must proceed first, the revival of this application; and that is what this Court is asked to do in this proceeding.

14 THE COURT: Very well.

MR. MORRISSON: If it please the Court, I want first to comment on one or two things that were said by Mr. Schimmel.

I think Mr. Schimmel's argument clearly demonstrates that these cases ought not to be disposed of on motion to dismiss, because in order to argue his position, he was required to go outside the record, that is, outside the allegations of the complaint, which is the only thing that Your Honor has before you at this time.

He made reference to correspondence between the Plaintiffs and the Alien Property Custodian which is, of course, not within the allegations of the complaint.

We have our own view of what that means, and we are perfectly prepared to argue and discuss it at such time as a full record is before the Court.

He made reference to statements in the opinions of the Assistant Commissioner. Those opinions are not before the Court at this time.

Again, we are perfectly prepared to discuss the significance and meaning of those opinions at a time when the full record in the Patent Office is before this Court, and when Your Honor can evaluate them in the light of the entire record of the proceedings. But this is a motion to dismiss for want of jurisdiction; and I think it is very significant that
15 in arguing for a dismissal for want of jurisdiction, my opponent finds it necessary to refer to things that are not in the complaint.

Now, I want to emphasize that this is not just an action under 35 U.S. Code, Section 145. We have invoked that. We have also invoked the general equity jurisdiction of this Court; and we have invoked the Administrative Procedures Act.

I think it is perfectly clear from the cases we cite in our memorandum that under its general equity jurisdiction, and under the specific jurisdiction conferred by Section 10 of the Administrative Procedures Act, a court does have power to review administrative action, even though it is not acting under any specific grant of statutory jurisdiction. Indeed, the inference is the other way.

The Supreme Court, in *Heikkila v. Barber*, for example, and the Court of Appeals for the District in *Homovich v. Chapman*, which we cite at Page 11 of our memorandum, quite clearly indicated that

the failure of Congress specifically to provide for review does not preclude reviewability of agency action which is alleged to be arbitrary or contrary to law or abuse of discretion; and particularly of agency action which is alleged, as we have alleged here, to have denied us the basic rights to a fair hearing to which we think we are entitled under the patent laws and under the Constitution.

- 16 The inference is rather the other way. The courts are reluctant to say that there is no judicial review unless there is a clear indication of Congressional intent, either by express statutory language or by legislative history, that would preclude review.

We have cited in our brief a number of cases involving a kind of determination which is about as clearly discretionary as anything we could think of. That is the decision of the Attorney General on the question of whether or not to suspend deportation of a deportable alien.

There is no provision for statutory review of that kind of proceeding. It is clearly a discretionary decision. Nevertheless, in the cases which we cite at Pages 12 and 13 of our memorandum, the courts have indicated very clearly that they will grant a limited review of that kind of determination. They will set it aside if it rests on an erroneous rule of law. They will set it aside if they conclude that the Attorney General has failed to exercise the discretion that has been committed to him; and they will review it to see whether his action is arbitrary or unreasonable.

I say, we have cited these cases on Pages 12 and 13 of our memorandum; and I would like to read a sentence from an opinion of Judge Frank, of the Second Circuit, in the Mastrapasqua case -- if I am pronouncing it correctly.

- 17 He there said:

"Courts have no power to review administrative discretion when it is reasonably exercised. But in appropriate circumstances, they can compel correction of an abuse of discretion or can compel an officer to exercise his discretion where he has obviously failed or refused to do so."

Now, Government counsel here say that the Commissioner's discretion is not an arbitrary discretion. They assert that it was reasonably exercised. But in the same breath, they assert that Your Honor has no authority to look at the record before the Patent Office to see whether it was reasonably exercised. They ask Your Honor, in effect, to take on faith the assertion that the exercise was reasonable and not to look at it.

We think, under the decisions we have cited, that if this is not an arbitrary discretion -- and we think clearly it is not -- then, of course, the Court has the right to look at the record to see what was done and determine for itself whether what was done was in conformity with law; whether what was done was or was not arbitrary, as we allege.

We think the cases dealing with this specific issue of revival support our view. We have cited in our memorandum a number of cases
 18 on this specific point. Counsel have referred to the Cregier case, but I think the significant thing is in a later decision by the Court of Appeals for the District of Columbia, in *Hastings v. Coe*, which was also an application for revival, the Court of Appeals took some pains in its opinion and devoted almost a page of its opinion to a review of the facts before the Commissioner of Patents and of the contentions made to the Commissioner of Patents by the patent applicant.

After discussing those facts in considerable detail, it said:

"The Commissioner's conclusion was correct."

It said:

"In our opinion appellant was guilty of gross laches which a court of equity will not relieve against."

In other words, it did not say: We cannot look to see what the Commissioner did.

It said: We will look at what the Commissioner did; and we will determine for ourselves whether what the Commissioner did involves an element of arbitrariness or abuse of discretion.

And only after concluding that the Commissioner's action was correct did it deny relief to the applicant.

19 This is, of course, in conformity with the rule quite clearly stated in an earlier case, *Martin v. Robertson*, also cited in our memorandum, in which the Court said:

"In the absence of any showing that his action was capricious or arbitrary, no court has jurisdiction to review the Commissioner's action."

In other words, if there is capricious or arbitrary action, and a fortiori, if there is action contrary to legal requirements, a court does have jurisdiction to review.

I want to emphasize to Your Honor, however, that the issue is not simply an issue of whether the Commissioner of Patents acted wrongly in failing to revive a patent application.

The issue which we have raised in our complaint is much broader than that. We contend that the sum total of the actions that have been taken by the Patent Office in this matter have resulted in a denial to these Plaintiffs of any adequate opportunity to have their case heard on the merits.

We have spelled out this contention very clearly in the last paragraph of the complaint. This is one of the paragraphs in the complaint of which the Defendants say Your Honor has no jurisdiction.

20 "The totality of the Defendants' actions constitutes a pattern whereby Defendants and their subordinates, by a succession of unfair, unreasonable and unlawful actions, have effectively denied Plaintiffs their rights to a hearing. The cumulative impact of Defendants' actions has been to convert the proceedings before the Patent Office into a grossly unfair, arbitrary, and unconscionable exercise of power, contrary to law. Defendants' denials of Plaintiffs' rights to patent, and to a full, adequate and fair hearing on their application for patent, are contrary to the patent laws and the regulations of the Patent Office, and deprive

Plaintiffs of their procedural and substantive rights under the patent laws and the Fifth Amendment of the Constitution of the United States, to Plaintiffs' irreparable injury."

THE COURT: When do you say you were denied a hearing? Where did this enter into the proceedings?

MR. MORRISSON: Yes, I am glad to answer that question.

This, essentially, was the situation. We prosecuted this application from 1940 to 1942. The prosecution was under some difficulties
21 because, of course, our clients were in France, which was then in a state of war, and became occupied; but we did prosecute.

The application was denied by the Examiner for reasons which are perfectly clearly erroneous, as Your Honor has already pointed out.

Then everything was suspended for seven years under a secrecy order.

When the prosecution was resumed, the Alien Property Custodian had complete control of the application. We had no control over it.

THE COURT: Did you file a brief through the Alien Property Custodian with the Patent Office?

MR. MORRISSON: Your Honor, I think the record on this is somewhat complex. There is no doubt there were some consultations between then counsel and the Patent Office. And I believe that counsel did have a participation in the brief that was filed. But at that time, there was a further problem.

In the first place, I don't think this is the same thing as being in control of the application. The application was being prosecuted through Alien Property Custodian counsel. But there was a further problem there, which was with the passage of the Atomic Energy Act -- and this is the point which Patent counsel have not addressed themselves to--
22 in 1946, essentially all information relating to the uses of atomic energy became classified.

Now, this was not too serious in the posture in which the case stood up to 1942. But with the grounds, the new grounds that were urged by the Patent Examiner in '49, and the grounds that were urged

by the decision of the Board of Appeals in 1950, it became very important, because the essential basis of the decision of the Board of Appeals, as we have alleged it in our complaint, and as we contend it to be, was that the teachings of the application were not instructive, because they disclosed a variety of possible combinations of the materials which were to go into this nuclear reactor, and that a large number of those combinations were not operable. Therefore, the Board of Appeals said, these teachings don't tell us anything because they don't enable a person to know which of the combinations suggested will work and which won't, and they leave a great deal of work yet to be done.

The interesting fact is that all of the possible combinations disclosed in the application were operable. When I say combinations, what I mean here, Your Honor, is that the application suggested that various materials in the reactor could be either in the form of a solid or a liquid or a gas, they could be as pure elements or as chemical compounds or as alloys or as mechanical compounds.

23 This is true. For purposes of the nuclear process, it doesn't matter in what form the atoms are comprised. The essential thing is what kind of atoms do you have in the machine. It doesn't matter whether those atoms are in the form of a gas or a liquid. That matters only for some of the mechanical aspects of the reactor.

Now, as I say, the fact is that these various combinations of materials are operable. But that fact could not be demonstrated by us, either in 1950 or in 1954. The reason it could not be demonstrated by us was that the details of design and operation of nuclear reactors were classified restricted data under the Atomic Energy Act.

This, I might say, is a point we have made consistently throughout the case before the Patent Office and here. It is not new in this Court. It was our principal ground below.

All of these operative facts were classified. As Your Honor knows, at that time there was no exchange of information on atomic energy between the United States and France or other foreign countries.

It wasn't until about the time of the Geneva Conference in August 1955 that this body of information came to be a matter which could be publicly discussed.

Now, I would like Your Honor to consider with me for a moment what precisely this means.

24 The provisions of the Atomic Energy Act, both in its original form and in its amended form in 1954, are quite unusual in this field of governmental secrecy.

I will refer to Section 224 of the Amended Act, but the comparable provision -- I think it is Section 10 of the original Act -- is to much the same effect.

Section 224 provides that anyone who makes an unauthorized communication or disclosure of restricted data -- and all information relating to use of atomic energy was restricted data until the Commission did something affirmative to declassify it -- anyone who makes an unauthorized disclosure of this restricted data with an intent to secure an advantage to a foreign nation -- this application was being prosecuted on behalf of a foreign nation -- is subject to punishment by death or life imprisonment.

That is the kind of penalty that we had to deal with. And considering those provisions of the Act, counsel and their clients felt, quite reasonably and properly, I think, that they couldn't even talk to each other about what facts existed that would demonstrate the mistakes that had been made by the Patent Office Board of Appeals; that they couldn't make any inquiries of what facts existed in the United States to demonstrate those errors on pain of death.

So that until the basic information came out from under the wraps of secrecy imposed by the Atomic Energy Act, there really
25 wasn't anything very effective that we could do.

THE COURT: Did the Plaintiffs do anything at all between 1950 and 1954?

MR. MORRISSON: They were being very active in other countries, Your Honor. They had applications pending in countries all over the world, and had them granted at various times.

THE COURT: Did they do anything with reference to this application in the Patent Office here?

MR. MORRISSON: No, they did not.

They did in 1954 file an application with the Atomic Energy Commission for an award with respect to these inventions.

Then, as I say, in 1955, within a very few months after the essential information became available to them, they proceeded with their petition for reconsideration and revival.

Now, the basis on which we say we have been denied an adequate opportunity for hearing in the Patent Office is this:

In connection with our petition for revival, and our application for reconsideration to the Board of Appeals, we submitted a large volume of this evidence to show that the essential foundation of the Board of Appeals' decision was wrong.

26 In that situation, the Patent Commissioner had two courses of action open to him. One possible course of action was to make a determination under Section 133, the revival section, that the delay in submitting this factual data was avoidable.

If he had done that, that would have been a determination in conformity with Section 133. We think we would have had a limited opportunity for judicial review of that determination, under the Hastings case, the Robertson case, and the other cases we have cited in our brief.

That would have been an appropriate action for him to take.

The alternative action which he could have taken would have been to determine that the delay was unavoidable and allow the matter to be reconsidered, so that the Board of Appeals could determine whether our new evidence was sufficient to overcome its decision.

We think he did neither of these. What he has done, he has refused to say that the delay was avoidable.

Counsel argue here that his decision must be taken as a determination that it was avoidable, but I think it is very significant that not only did he never make that determination in so many words, but he expressly refused to make such a determination when we asked him to.

Now, since counsel has referred to portions of the opinion of the
27 Commissioner, I would like to read to Your Honor the last paragraph of his initial decision.

THE COURT: What is the date of this decision?

MR. MORRISSON: This is the decision of July 10, 1956, which says:

"Since in any event the application is not placed in condition for allowance, the petition to revive as to the second ground is denied."

Now, that is not a determination on the question of whether we were guilty of laches or of some other kind of default in failing to proceed sooner. That is a determination purely and simply on the grounds that the application was not in condition for allowance, that is to say, a determination on the merits, on the question of patentability.

We say -- we have elaborated on this in our brief -- that the Commissioner had no business deciding the question of the merits, the question of patentability; that the scheme of the patent statutes is that all questions of substantive patentability are to be decided by the Board of Appeals, on which the Commissioner can sit as one member, and that the decision of the Board of Appeals is subject to review.

But what the Commissioner did here, apparently, is to take our petition for revival and reconsideration, and without saying that we were
28 guilty of laches or default, say on the merits, I don't think you are entitled to reconsideration.

And to make it even more interesting, he made that determination without looking at our new evidence. He said that he referred the matter to the Examiner; and he said the Examiner is supposed to look at this thing on the basis of the record made before the Board of Appeals. He isn't supposed to look at anything new that has been submitted later. And as for any review that he, himself, made, he simply dismissed the new evidence by saying: Well, these are disclosure after the date of filing of the application and, therefore, they have no relevance.

Well, if Your Honor please, the issue here was whether the invention disclosed in the application could be operated. On that kind of issue, of course, you have to look at evidence as to what has been done since the application has been filed, in so far as that evidence show operability or lack of operability; and this is shown by the fact that the Board of Appeals, itself, referred to a great many disclosures which are dated after the date of the application.

So I come back to our basic proposition that as soon as we were able to, as the result of the declassification acts of the Atomic Energy Commission, we brought forward evidence which showed that the decision of the Board of Appeals rested on a fundamentally erroneous basis.

29 That evidence has never been considered on its merits by anybody. It has not been considered by the Examiner. It has not been considered by the Board of Appeals. It has not been considered by the Commissioner.

In failing to consider it, the one valid basis on which the Patent Office could have failed to consider it, if this could have been sustained, would have been a decision that we were somehow guilty of laches or default. But no such decision has been made either.

It is on this basis that we say we have not been given an adequate opportunity for a hearing. Our evidence has not been considered on its merits, and at the same time, we have not been held to be in default.

If there were a holding that we were in default, I would be here arguing to Your Honor that such a holding was not only arbitrary but contrary to law.

We have briefed this proposition. We say a man cannot be held to be in default where he is prevented by legal requirements of the Federal Government, itself, from bringing forward the evidence which the Government has, in effect, required him to bring forward.

I briefed this proposition in our memorandum, and I want to call Your Honor's attention most particularly to the Societe Internationale
30 case, which we think presents an instructive and useful analogy. We have discussed this case in some detail on Pages 24 and 25 of our memorandum.

If I may refresh Your Honor's recollection, that was a case in which a foreign plaintiff failed to comply with a production order; and Judge Laws dismissed the complaint for that reason.

The Supreme Court said this failure was due to the fact that compliance would have put the plaintiff in violation of the law of his own domicile, and such a failure does not constitute an act of default. It cannot be laid to the plaintiff. It is something over which he had no control. And where the failure to comply with the production order is for that kind of reason, you cannot deny the plaintiff an adequate opportunity for a hearing.

We think that is an instructive analogy for our present case.

I think I need not trouble to go through the complaint in detail unless Your Honor would care to have me do so, but there is one other count of the complaint to which I want to direct particular attention.

This also is a matter which Government counsel have ignored in their points and authorities, and have ignored in their argument.

31 This is Count 5. I might say, Your Honor, I feel a little apologetic in having a complaint of such length and in so many counts. The reason we did so, I think is obvious. The Defendants have steadfastly refused to make clear the basis on which they have denied us a patent here, and we felt it incumbent upon ourselves, therefore, to take a number of hypothetical possibilities, possible reasons for this denial, and indicate in what respect each one of those possibilities would result in error. This is what we have tried to do in our complaint.

Now, Count 5 relates to a very interesting matter. Count 5 says that even in 1950 the Patent Office should have known better.

The basis of the decision in 1950, as I have said, is that the invention in various of its aspects is not operable.

Count 5 alleges that at that time the Examiner in charge of this case had before him an application by Fermi, filed later than this, which was based on an actually operating reactor, and which clearly showed that the teachings of our application were sound and correct, and that an operable reactor could be built in accordance with those teachings.

This application, of course, was not known to us, and the facts on which it was based were not known to us. The application is, of course, not made public under the patent statutes. But more important, the underlying facts were not available to us because at this time the information was classified restricted data.

But we think in these circumstances the Examiner had some obligation to prevent the Board from falling into error, and that he failed to disclose the facts which he knew which would have shown the error of the Board's decision. And we think if there were nothing else in this case, that failure of itself would warrant a judicial hearing, or the allegations that we make about that failure, which we are quite prepared to substantiate, would warrant and require a hearing by this Court.

Now, I want to comment just a moment on one other point made by Mr. Schimmel. That is this question of the validity of the rule on which the Commissioner of Patents said that he was relying, namely, that he would not revive an application unless accompanied by an amendment which placed it in condition for allowance.

It is true that that rule was mentioned in, I think, the Chessin case. There is no showing that it was challenged in that case. There is no showing that that is a case in which the rule resulted in any prejudice to the applicant.

We have argued that that rule is improper. We have argued quite extensively in our brief that it imposes a condition on revival which is not authorized by the statute and not authorized by the rules.

I want to refer particularly to Rule 137 of the Patent Office, to which Mr. Schimmel referred as supporting that rule. I would like to read it. It is short.

"An application abandoned for failure to prosecute may be revived as a pending application if it is shown to the satisfaction of the Commissioner that the delay was unavoidable. A petition to revive an abandoned application must be accompanied by a verified showing of the causes of the delay, by the proposed

response unless it has been previously filed, and by the petition fee."

Now, there is nothing in there that talks about an amendment which places the application in condition for allowance in the opinion of the Examiner.

All it says is that the petition must be accompanied by the proposed response.

Rule 196 of the Patent Office says quite clearly that where the Board of Appeals, as here, bases its decision on matters not previously involved in the appeal, "an appellant may submit an appropriate amendment of the claims so rejected or a showing of facts or both."

34 We submitted here a showing of facts. So we think that what we did here was in complete conformity with the rules of the Patent Office, and that the ground which the Commissioner has urged as the basis for denial here is unsupported not only by the statute but also by the rules of the Patent Office.

I believe that is all I have, Your Honor, unless Your Honor has some questions.

THE COURT: No.

MR. SCHIMMEL: May I make a brief reply, Your Honor.

I avoided making any mention of the merits of this case for the simple reason that I do not believe they are material or significant or of any importance to the issue presented by these complaints and the motion to dismiss.

THE COURT: Counsel says that you had to go outside of the present record to quote from certain rulings of the Patent Office.

MR. SCHIMMEL: In my motion to dismiss, the only thing I think I went outside of the Plaintiffs' complaint was the fact I put in there the date on which the property was returned to the former owners by the Office of Alien Property, as of December 1951.

The complaint did not give that fact, although it did give the fact that the application for return of the property had been made in 1947.

35 What I have reference to specifically is the additional material and the fact that Plaintiffs' counsel alleges impropriety and, in fact, illegal conduct on the part of the Examiner in not calling the Board of Appeals' attention to the fact that there were other applications pending in the Patent Office which, in his opinion, he says, disclosed an operative structure.

Now, I would like to remind the Court of this basic and fundamental fact.

The application is considered as of the date it is filed; and when the Plaintiffs' application was filed in 1940, it is very difficult to understand how the Atomic Energy Act of 1946 had any application to it, or how any subsequently filed applications by other parties could have been used to bolster his disclosure.

And that is essentially what they are raising here. They filed an application in 1940, based upon a corresponding French application. Under all the laws and rules of practice and adjudications that I know of, that application must be considered on the basis of what is disclosed at that time, and what was available to the public at that time.

I didn't want to raise that, because I think that is a question of merits. But since he has challenged the Examiner's failure to call the Board of Appeals' attention to these other applications, I think we must emphasize that fact.

36 There is one other thing it seems to me that probably I did not mention in my statement.

In 1951, the property was returned to the owners. At that time, they were under an obligation to do something. They waited for four years before asking for revival of the application.

THE COURT: Counsel says that even though there was an obligation, they were also under a prohibition that if they did anything, they would suffer the death penalty or life imprisonment.

MR. SCHIMMEL: What they did and the extent of their disclosures might have been material on that aspect of the case, but certainly they were under an obligation to do something. That is, it seems to me,

basic. Waiting until the last day, for example, in which they can disclose all the minutest details of reactors that had been subsequently developed in the intervening fifteen or eighteen years was not a necessary condition.

They knew what was available to them in 1940 when they filed their application in the Patent Office. They could have presented to the Patent Office at any time during the subsequent years what was available at that time. They could have also presented to the Patent Office what was released in 1945 and 1946, when the Smyth Report was published. That became available. In 1951 certain materials were available, which they could have presented, on the basis of which they could have asked at that time for reconsideration for revival of the application.

I think those facts are material. They must have been considered by the Commissioner when he decided not to revive the application.

THE COURT: Your statement sounds now like speculation. You say, they must have been considered by him. Counsel makes the point that the Commissioner has never rendered any decision on the question of laches or default, and that the Plaintiffs have never been held in default by the Commissioner.

MR. SCHIMMEL: I quoted to Your Honor one sentence from the Commissioner's decision that the showing made is not persuasive for revival.

THE COURT: What does that mean? Does that mean that they are in default?

MR. SCHIMMEL: The showing they were required to make to entitle them to revival was that the delay was unavoidable.

The Commissioner says:

"The showing is not persuasive for revival."

38 Even though the express words, "not avoidable" or "unavoidable", were not used, it seems to me the necessary implication of that holding is that they haven't made the required showing. I don't see any other

reasonable interpretation of the language.

"The showing is not persuasive for revival."

And the only showing they are required to make under the statute is that the delay is unavoidable.

But even in the final analysis, what we have here, Your Honor, I must emphasize again, is an abandoned patent application.

THE COURT: There again, as I understand Plaintiffs' argument, you have rules establishing generally the matter of abandonment. Counsel says that they can't be concluded to have abandoned their patent application when they were unable to proceed with it because of the secrecy regulations, the Atomic Energy Act, and the other legal handicaps which were imposed by the Government of the United States.

MR. SCHIMMEL: Secrecy was rescinded in 1949. The property was returned in 1951. From that time forward, Plaintiffs had the opportunity and they could have proceeded to whatever remedies they thought they were entitled to.

39 THE COURT: Then the Patent Office has held that the Plaintiffs are in default?

MR. SCHIMMEL: I might say this: During the course of the proceedings on revival, Plaintiffs referred to Section 32(d) of the Trading with the Enemy Act, as amended, which, with respect to the property seized by the Alien Property Custodian was supposed to put the Plaintiffs, those whose property had been seized, back in the situation with the rights, duties and obligations that existed prior to the seizure by the Alien Property Custodian, without the period of that seizure being considered under the statute of limitations.

That, to us, means that in 1951, when the property was returned, certain courses of procedure, certain obligations Plaintiffs had in connection with this property.

It was returned to them in '51. The statute gave them the right to proceed, whatever rights they had, and also with whatever their obligations were. At that time, they could have proceeded either to petition for revival, either to ask for reconsideration by the Board of

Appeals, either to seek review in the appropriate court within the statutory limits.

The maximum statutory time limit at that time was six months. So we feel that the maximum time --

THE COURT: Is that the statute or rules of the Patent Office?

40 MR. SCHIMMEL: That was statute. That was 4915 of the Revised Statute, which was succeeded by the present Section 145 of Title 35 in 1953. But under the old Section 4915, they had six months from the date of the adverse decision of the Board of Appeals to file a civil action in this Court. That six-month period started to run from the time the property was returned to them by the Alien Property Custodian. So that time ran out in 1952.

It was not until 1955 that they seek to ask this Court or to ask the Commissioner to revive the application, and in 1958 ask this Court to direct the Commissioner to revive the application.

Laches unquestionably exist, it seems to me.

THE COURT: You are not required to pass on the question, though. Did the Commissioner pass on that question?

MR. SCHIMMEL: Again, I repeat, in holding that, the showing made is not persuasive for revival, he necessarily passed on that question. In arriving at that conclusion, he had to pass on the question of whether the delay was unavoidable. He didn't use the words. I concede that. But I insist that the necessary implication of the decision is that he must have found that the delay was not unavoidable.

41 That is all he had to find. That is the only requirement that the statute imposes on his discretion. I think it is unquestionably a finding that he made in denying the petition to revive and in the denial of the subsequent reconsideration to that petition.

Now, Your Honor, is asked to make that finding that the delay was unavoidable. Frankly, I do not think you have the power to do so under the statute. The Commissioner is the one who has that power. Congress gave it to the Commissioner; and I think the Court of Appeals has unquestionably held that there is no Court review with respect to the

Commissioner's discretion in that matter.

I thank you.

MR. MORRISSON: Your Honor, may I correct two statements of fact that were made?

THE COURT: You may.

MR. MORRISSON: First, counsel said that secrecy was rescinded in 1949. It is true that the secrecy order with respect to this particular application was rescinded in 1949. But the complaint alleges that the basic information concerning reactor technology, which we felt it necessary to show, was restricted data -- I am quoting now from Paragraph 22(d) of the complaint -- was restricted data until sometime in 1955.

Paragraph 22(e) points out that further, such information was not
42 made declassifiable by the United States Atomic Energy Commission -- again I am quoting -- until December 1956.

Secondly, counsel said that the complaint did not state the date on which this application was returned by the Alien Property Custodian.

Paragraph 5(e) states that title to the application was returned to Plaintiffs in April 1954.

And that is the fact.

THE COURT: Anything more?

MR. SCHIMMEL: Nothing more, Your Honor.

THE COURT: I think it is unfortunate that the Commissioner did not use a few more words in making his ruling upon the Plaintiffs' application to vacate the default in this case, but I believe that there has been compliance with the requirements of the statute.

The Court will grant the two motions of the Defendants to dismiss; that is, the motion filed in Case 1714-58, and the motion filed in 1715-58.

(Whereupon the hearing on the motions was concluded.)

[Filed August 27, 1958]

MOTION TO DISMISS

The defendants, Robert C. Watson, Commissioner of Patents, Arthur W. Crocker, First Assistant Commissioner of Patents, and Sinclair Weeks, Secretary of Commerce, move the Court as follows:

(1) to dismiss the action on the ground that the Court lacks jurisdiction of the subject matter thereof; and

(2) to dismiss the action for the reason that the complaint does not state a claim or claims against defendants upon which relief can be granted.

An oral hearing is requested.

Respectfully submitted,

/s/ C. W. Moore

Solicitor, United States Patent Office,
Attorney for Defendants.

August 26, 1958

[Filed October 22, 1958]

ORDER

This action came on to be heard at this term on action of defendants, Robert C. Watson, Commissioner of Patents, Arthur W. Crocker, First Assistant Commissioner and Sinclair Weeks, Secretary of Commerce, to dismiss the complaint and thereupon, upon consideration thereof, it is this 22nd day of October 1958

ORDERED that the Motion to Dismiss be and it is hereby granted, and that the complaint be and it is hereby dismissed.

/s/ Edward A. Tamm
Judge

[Filed December 19, 1958]

NOTICE OF APPEAL

Notice is hereby given that the Plaintiffs, Commissariat a l'Energie Atomique, Jean Henri Halban, Jean Frederic Joliot and Lew Kowarski hereby appeal to the United States Court of Appeals for the District of Columbia from the judgment dismissing the complaint herein, entered by this court on October 22, 1958.

/s/ James L. Morrisson
* * * * *
Attorney for Plaintiffs

December 20, 1958

Brief for Appellees

IN THE
United States Court of Appeals
FOR THE DISTRICT OF COLUMBIA CIRCUIT

APPEAL No. 14,929

COMMISSARIAT A L'ENERGIE ATOMIQUE, JEAN HENRI
HALBAN, JEAN FREDERIC JOLIOT AND LEW KOWARSKI,
APPELLANTS,

v.

ROBERT C. WATSON, COMMISSIONER OF PATENTS, ARTHUR
W. CROCKER, FIRST ASSISTANT COMMISSIONER OF
PATENTS, AND SINCLAIR WEEKS, SECRETARY OF COM-
MERCE, APPELLEES

APPEAL FROM THE JUDGMENT OF THE UNITED STATES
DISTRICT COURT FOR THE DISTRICT OF COLUMBIA

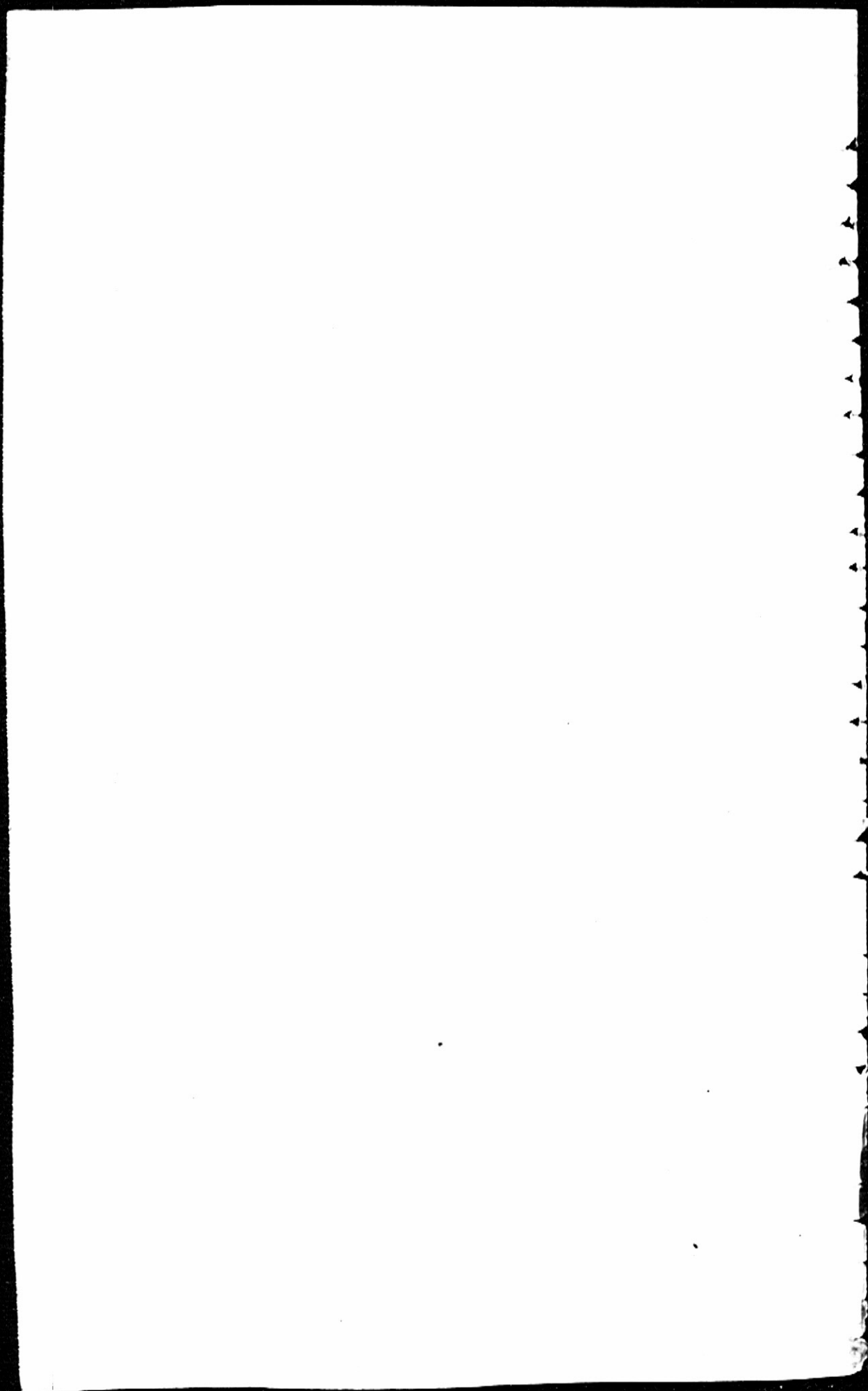
CLARENCE W. MOORE,
Solicitor,
United States Patent Office,
Attorney for Appellees.

J. SCHIMMEL,
Of Counsel.

United States Court of Appeals
For the
District of Columbia Circuit

FILED APR 22 1959

Joseph W. Stewart
CLERK



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W. CROCKER, FIRST ASSISTANT COMMISSIONER OF
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MERCE, APPELLEES

BRIEF FOR THE COMMISSIONER OF PATENTS

INTRODUCTION

This is an appeal from the order (J.A.-50) of the United States District Court for the District of Columbia dismissing, upon a motion of appellees (J.A.-50), a complaint (J.A.-1) purporting to be brought under the provisions of 28 USC 1331, 5 USC 1009, and 35 USC 145 (J.A.-2), in which appellants sought (1) the entry of an order declaring that they are entitled to receive a patent based on their application, Serial No. 328,160 and authorizing appellees to issue a patent on said application; or (2) alternatively declaring that appellants are entitled to have said application revived,

to have it considered pending since its filing date, and to have it reconsidered by the Board of Appeals, and directing that such application be so revived, deemed continuously pending, and reconsidered (J.A.-22).

COUNTER STATEMENT OF THE CASE

The Statement of the Case set forth in appellants' brief (pages 2 to 13) includes many seemingly unnecessary details and is so interwoven with argument that a Counter-statement would appear to be indicated. The pertinent and salient facts are relatively few and simple and are set forth in the following paragraph in chronological order:

On April 5, 1940 appellants, Halban, Joliot and Kowarski jointly filed an application for patent in the U.S. Patent Office, entitled "Device for the Production of Energy", which application was assigned Ser. No. 328,160, this application corresponding to an application filed in France for the same invention on May 1, 1939 (J.A.-2). Certain actions occurred in the prosecution of this application, and they are enumerated here:

(1) On November 8, 1941, the application claims were finally rejected by the Examiner (J.A.-3);

(2) On May 5, 1942, the application was placed under an order of secrecy (J.A.-3);

(3) On May 7, 1942, an appeal was filed with the Patent Office Board of Appeals seeking review of the Examiner's adverse ruling (J.A.-3);

(4) On October 1, 1942, the Board of Appeals suspended action during the existence of the secrecy order (J.A.-3);

(5) In November 1942, the application was vested by the Alien Property Custodian (J.A-3);

(6) On October 13, 1949, the secrecy order was rescinded and prosecution resumed (J.A-3);

(7) On November 17, 1950, the Board of Appeals affirmed the Examiner's rejection (J.A-3);

(8) Thereafter, ^{IN APRIL 1954} the Alien Property Custodian returned the application to appellants (J.A-3);

(9) On August 29, 1955 appellants petitioned the Commissioner of Patents to revive the application invoking 35 USC 133 (J.A-4);

(10) On July 10, 1956 the petition was denied by the First Assistant Commissioner of Patents, and requests for reconsideration thereof were denied on February 26, 1957, July 15, 1957, February 14, 1959 (J.A-4);

(11) On May 2, 1958 the Commissioner of Patents personally denied the petition to revive (J.A-4);

(12) On July 1, 1958 the complaint in this proceeding was filed seeking an order authorizing appellees to issue a patent to appellants based upon the aforementioned application, or in the alternative directing appellees to revive said application (J.A.-22), and have it reconsidered by the Board of Appeals.

STATUTES AND RULES INVOLVED

Inasmuch as much of the history and prosecution of the application involved in this proceeding took place at a time prior to the passage of the Patent Act of 1952 (present 35 USC) it is believed to be appropriate and necessary to include some of the following statutes and rules, applicable during that period, which are not included in the brief of appellants.

Patents Statutes

R.S. 476 35 USC 2 (1946)

"There shall be in the Patent Office a Commissioner of Patents, one First Assistant Commissioner, two Assistant Commissioners . . . who shall be appointed by the President by and with the advice and consent of the Senate. The First Assistant Commissioner and the Assistant Commissioners shall perform such duties pertaining to the Office of Commissioner as may be assigned to them, respectively, from time to time by the Commissioner of Patents . . ."

R.S. 481, 483 (35 USC 6) (1946)

"The Commissioner of Patents, under the direction of the Secretary of Commerce, shall superintend or perform all duties respecting the granting and issuing of patents directed by law . . . He may, subject to the approval of the Secretary of Commerce, from time to time establish regulations, not inconsistent with law, for the conduct of proceedings in the Patent Office."

R.S. 482 35 USC 7 (1946)

"The Examiners in Chief shall be persons of competent legal knowledge and scientific ability. The Commissioner of Patents, the First Assistant Commissioner, the Assistant Commissioners, and the Examiners in Chief shall constitute a board of appeals, whose duty it shall be, on written petition of the appellant, to review and determine upon the validity of the adverse decisions of Examiners upon applications for patents . . . Each appeal shall be heard by at least three members of the board of appeals . . . The Board of appeals shall have sole power to grant rehearings."

R.S. 4894 (35 USC 37) (1946)

"All applications for patents shall be completed and prepared for examination within six months after the filing of the application, and in default thereof, or upon failure of the applicant to prosecute the same within six months or such shorter time, not less than thirty days or any extensions thereof, as shall be fixed by the Commissioner of Patents in writing to the applicant after any action therein, of which notice shall have been given to the applicant, they shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Commissioner of Patents that such delay was unavoidable . . .".

Revised Statutes 4912 35 USC 60 (1946)

"When an appeal is taken to the United States Court of Customs and Patent Appeals, the appellant shall give notice thereof to the Commissioner, and file in the Patent Office, within such time as the Commissioner shall appoint, his reasons of appeal, specifically set forth in writing."

Revised Statutes 4915 35 USC 63 (1946)

"Whenever a patent on application is refused by the Board of Appeals . . . the applicant, unless appeal has been taken to the United States Court of Customs and Patent Appeals, and such appeal is pending or has been decided, in which case no action may be brought under this section, may have remedy by bill in equity, if filed within six months after such refusal or decision . . ."

Rules of Practice of the United States Patent Office in Patent Cases.

Rule 137—"An application abandoned for failure to prosecute may be revived as a pending application if it is shown to the satisfaction of the Commissioner that the delay was unavoidable. A petition to revive an abandoned application must be accompanied by a verified showing of the causes of the delay, by the proposed response unless it has been previously filed and by the petition fee."

Rule 197—"After decision by the Board of Appeals, the case shall be returned to the primary Examiner, subject to the applicant's right of appeal or other review . . . Any request or petition for rehearing or reconsideration must be filed before the limit of appeal to the U. S. Court of Customs and Patent Appeals expires."

Rule 302—"When an appeal is taken to the U. S. Court of Customs and Patent Appeals, the appellant shall give notice thereof to the Commissioner, and file in the Patent Office, within sixty days from the date of the decision appealed from, his reasons of appeal specifically set forth in writing. . . ."

Rule 304—"The time for filing the notice of appeal and reasons of appeal . . . or for commencing a civil action (Rule 303) is sixty days from the date of the decision of the Board of Appeals. . . ."

SUMMARY OF ARGUMENT

1. As a complaint purportedly under 35 U.S.C. 145 the District Court lacked jurisdiction. That section, replacing old Section 4915 of the Revised Statutes, became effective on January 1, 1953. The decision of the Board of Appeals refusing appellants a patent on their application was dated November 17, 1950. Under Sec-

tion 4915 Revised Statutes appellants should have filed their complaint within six months from the date of that decision. However, they did not file their complaint until July 1, 1958. A complaint filed almost 8 years after the date of the decision of the Board of Appeals is manifestly belated.

2. Even Section 32(d) of the Trading with the Enemy Act, 60 Stat. 50, 50 U.S.C. App. 32 (d), upon which appellants rely to toll the time running against them and to posit jurisdiction under 35 U.S.C. 145 is of no avail. The effect of the Appendix section, at best, would be to establish a new time for proceeding or to extend the time for seeking court review of the adverse Board decision for the statutory period following the date of return of the property to appellants. Since the property was returned in ~~December~~ ^{DECEMBER} 1954, under Section 145 of 35 U.S.C. and Patent Office Rule 304, appellants should have filed their complaint within sixty days, i.e. sometime in ~~February~~ ^{JUNE} 1955. Clearly a filing on July 1, 1958, more than 3 years later, is belated. Accordingly, under any interpretation of the facts in this case, the action, as a complaint invoking the statutory right of review of an adverse decision of the Board of Appeals, was belatedly filed. Since time is jurisdictional, the District Court rightly and properly dismissed appellants' complaint based upon 35 U.S.C. 145. *Grady v. Watson*, 261 F. 2d 752.

3. Appellants' application for patent became abandoned by operation of law, in view of the provisions of old Section 4894 Revised Statutes or Section 133 of 35 U.S.C., regardless of which statute was operatively in effect. Section 145 of 35 U.S.C. does not empower the District Court to review the Commissioner's decision

denying revival of an abandoned application. That section can be relied upon only where the Commissioner through the Board of Appeals has denied a patent. The denial of a request for revival of an application is not the same or the equivalent of a refusal to grant a patent. The District Court lacked jurisdiction, and rightly dismissed the bill insofar as jurisdiction was invoked under 35 U.S.C. 145 to review the refusal to revive the application.

4. The Administrative Procedure Act, 5 U.S.C. 1009, upon which appellants likewise sought to posit jurisdiction does not apply to this proceeding. First, that Act specifically and expressly excludes an agency action which is by law committed to agency discretion. Section 133 of 35 U.S.C. provides that failure of an applicant to prosecute an application within six months, or a shorter time, as fixed by the Commissioner, automatically abandons the application "unless it be shown to the satisfaction of the Commissioner that such delay was unavoidable." This Court has ruled that the matter of reviving an abandoned application is entirely within the discretion of the Commissioner of Patents; hence, these actions are not within the purview of the Administrative Procedures Act. Second, that Act does not create new or alternative remedies. It does not extend the jurisdiction of any court to cases not otherwise within its competence. It does not afford relief equally with and alternative to 35 U.S.C. 145, and does not and cannot relieve appellants of their delay in bringing the civil action. Therefore, the District Court properly held with appellees that the Administrative Procedure Act was inapplicable to the instant case, in granting appellees motion.

THE ARGUMENT

This civil action was commenced by the filing by appellants of their complaint on July 1, 1958 asserting jurisdiction of the District Court under 35 U.S.C. 145 (J.A.-2). Said Section 145 (Br-13) as in force since January 1, 1953, provides that an applicant for patent dissatisfied with the decision of the Board of Appeals of the Patent Office may have remedy by civil action against the Commissioner of Patents in the United States District Court for the District of Columbia, if commenced within such time after such decision, not less than sixty days, as the Commissioner appoints. By Rule 304 of the Rules of Practice of the United States Patent Office in Patent Cases (p. 6, ante), the time for commencing a civil action is set at sixty days from the date of the decision of the Board of Appeals.

The only decision of the Board of Appeals affirming the Examiner's refusal of a patent in this case was dated November 17, 1950 (J.A.-3). As applicants dissatisfied with that decision appellants had available to them a statutory right of review by an appropriate court within the time set by the applicable statute. Since the Patent Act of July 19, 1952, now in force did not become effective until January 1, 1953, it is obvious that that Act had no application to that Board decision, and that its predecessor statute established applicants' rights. That statute was Section 4915 of the Revised Statutes (p. 5, ante), which allowed a dissatisfied applicant six months within which to bring a civil action to challenge the correctness of the Board's decision. However, appellants did not, as required by that law, commence their civil action within the six months period provided therefor. This failure under

the express language of Section 133 of 35 U.S.C. (Br-13) operated to abandon the involved application. This fact of abandonment by operation of law is expressly recognized by appellants' complaint (J.A-4).

Appellees' motion to dismiss (J.A-50), which was granted by the District Court (J.A-50), specifically questioned jurisdiction of the court over the subject matter involved. Insofar as that jurisdiction was purported to be based upon 35 U.S.C. 145, it is manifestly clear that, since the only decision by the Board of Appeals in this case was dated November 17, 1950, the civil action filed on July 1, 1958, almost 8 years later was untimely, and that therefore the District Court properly granted appellees' motion to dismiss. As pointed out hereinafter appellants' civil action cannot be considered to have been filed within the time allowed by law under any aspect of the case and since time is jurisdictional, the District Court rightly and properly dismissed for lack of jurisdiction under 35 U.S.C. 145. This Court recently held that a filing more than 60 days from the date of the Board's decision was too late. *Grady v. Watson*, 261 F. 2d 752.

Furthermore, appellants rely upon 50 U.S.C. Appendix 32 (d) (Br-14) to place them in the same position as though no vesting had occurred (Br-19), and therefore, not bound by the inaction of the Alien Property Custodian in failing to seek review of the decision of the Board of Appeals. This position is untenable and without substance or merit. The effect of the Appendix Section, if any, would be to extend or toll the time for taking any action after the adverse decision of the Board of Appeals dated November 17, 1950. Significantly that section provides that the person to whom property is returned "shall succeed to

all burdens and obligations . . . which accrued during the time of retention by the Alien Property Custodian, but the period during which the property . . . vested in the Alien Property Custodian shall not be included for the purpose of determining the application of any statute of limitations to the assertion of such rights." The only reasonable and proper interpretation of that language with respect to the burden of proceeding after the adverse decision of the Board of Appeals, after return of the property, would be that the time for taking action was tolled during the vestiture by the Alien Property Custodian but began to run anew from the date of return. That language cannot and does not render null and void the Board's decision, which appears to be the burden of appellants' contentions. Under the above reasonable interpretation, it was appellants' duty and obligation to take appropriate action from the effective date of return, i.e. from ~~December~~ ^{APRIL} 1954. An appropriate action would have been (1) a request for rehearing or reconsideration addressed to the Board of Appeals within 30 days; or (2) an appeal to the Court of Customs and Patent Appeals within 60 days; or (3) a filing of a bill in equity in the District Court of the District of Columbia within sixty days. Therefore the latest date for taking action would have been sometime in ~~February~~ ^{JUNE} 1954. However, it must be remembered that the first step taken by appellant in connection with the involved application was delayed until August 29, 1955, when the petition to revive was presented to the Commissioner, accompanied by a request for reconsideration addressed to the Board of Appeals. Obviously this was long after any possible time permitted by the above interpretation of 50 U.S.C. Appendix 32 (d). Also commence-

ment of a civil action on July 1, 1958, more than 4 years later was too late. *Grady v. Watson*, supra.

However, if appellants' complaint under 35 U.S.C. 145 is asserting jurisdiction to review the decision of the Commissioner denying the petition to revive the application, which appellants concede became abandoned by operation of law, it is submitted that this Court has denied such jurisdiction in connection with the predecessor statute, Section 4915 of the Revised Statutes. It should be noted that Section 4915 of the Revised Statutes, as amended, 35 U.S.C. 63 (1946) was repealed by the Act of July 1952, C. 950 Section 5, 66 Stat. 815, and was replaced with respect to a dissatisfied applicant's remedy by civil action after an adverse decision of the Board of Appeals, by 66 Stat. 803, 35 U.S.C. 145 (1952). In *Cregier v. Coe*, 62 App. D.C. 320, Cert. denied 291 U.S. 683, rehearing denied 292 U.S. 604 this Court held the appeal without merit,

" for the reason that a proceeding in equity under Section 4915 cannot be had upon an order from the Commissioner denying the revival of an abandoned application. This proceeding can only be had in a case where the Commissioner has denied a patent . . . Clearly the plaintiffs do not come within the provisions of the statute providing for the equity proceeding. The denial of a motion to revive an application is not equivalent to the refusal to grant a patent. Hence, the Court below was right in dismissing the bill for lack of jurisdiction." In view of this adjudication, all the broad principles propounded in appellants' brief and the cases cited (Br-20-25) are of no significance. Apart from the fact that most of the cited cases in which Federal Courts issued writs of

mandamus against the Commissioner were in situations where the ruling of the Commissioner was expressly "considered as final and appealable" (cf. 192 U.S. 556, penultimate sentence), or were in situations where a statutory right was found to exist, this Court has explicitly stated the Commissioner's decision denying revival is not subject to judicial review in a Section 4915 action. The same rule of law obviously should apply to a Section 145 action. Whether appellants do or do not have remedy under other statutes or rules of law is not at issue at this point. Appellants invoked the jurisdiction of the District Court under 35 U.S.C. 145 to review the Commissioner's decision refusing to revive the application. They also invoked that court's jurisdiction under the same statutory provision, urging that the decision can be interpreted as one on the merits of patentability (Br-17), and that no good reason appears why the actions of the Commissioner under 35 U.S.C. 133 should be immune from the limited judicial review to which discretionary actions are generally subject (Br-27). It is submitted that there is an excellent reason why these actions are not reviewable. Nowhere in the Patent Statutes did Congress expressly provide for direct judicial review of actions of the Commissioner of Patents in exercising the duties and obligations cast upon his office of superintending and performing all duties required by law respecting the granting and issuing of patents (35 U.S.C. 6). Congress has specifically placed the matter of revival of abandoned applications solely within the discretion of the Commissioner (35 U.S.C. 133). That discretion is a judicial discretion. For the District Court, with-

out express authorization, to review the facts and to decide the same question that Congress empowered only the Commissioner to decide is to assume authority Congress did not see fit to give the court when the statutes were enacted. The power of decision is the Commissioner's only and review by the District Court would be completely extrajudicial. *Ewing v. U.S. ex rel. Fowler Car Co.*, 244 U.S. 1. Precedent, experience, and reason all support the position of appellees that the District Court was without jurisdiction under 35 U.S.C. 145 to review the Commissioner's decision refusing to revive the involved application. The District Court properly and correctly held that the court lacks jurisdiction under 35 U.S.C. 145 in granting appellees' motion to dismiss.

The Complaint also asserts (J.A-2) that the District Court had jurisdiction under 28 U.S.C. Section 1331 and 5 U.S.C. 1009, and appellants contend (Br-27-29) that the allegation of denial of a fair hearing is sufficient to clothe the court with jurisdiction.

With respect to 5 U.S.C. 1009, the Administrative Procedures Act, it is significant that that Act does not extend the jurisdiction of any court to cases not otherwise within its competence. That act specifically excludes from its effect or operation agency action which "is by law committed to agency discretion." As previously pointed out herein, the matter of revival of an abandoned application was left by Congress to the judicial discretion of the Commissioner of Patents; the power of decision is his, and this Court has held that that power is not controllable or regulatable by the courts. Therefore, it is submitted that the Ad-

ministrative Procedures Act does not apply in this situation.

Further Section 10 of the Administrative Procedures Act refers in subsection (b) to the form and venue of action for judicial review. That subsection recites that the form of proceeding,

"shall be any special statutory review proceeding relevant to the subject matter in any court specified by statute or, in the absence or inadequacy thereof, any applicable form of legal action . . . in any court of competent jurisdiction. Agency action shall be subject to judicial review in civil or criminal proceedings for judicial enforcement, except to the extent that prior, adequate and exclusive opportunity for such review is provided by law".

This subsection provides for two methods of review, namely those contained in statutes, and those developed by the courts in the absence of legislation. The alternative provisions (the non-statutory one) are not available to appellants, since there is present in 35 U.S.C. 145 a "special statutory review proceeding", which is within the purview of the exception stated in the second sentence quoted above. Since that statutory proceeding provided appellants with a wholly complete and adequate remedy, i. e., review by the District Court of the decision of the Board of Appeals, the Administrative Procedures Act affords appellants no haven from their failure to invoke the statutory review within the time provided by the special statutory remedy. That that section does not in any way modify the existing forms of proceedings to review final actions of administrative agencies and does not create any new remedies if an adequate remedy is in existence is clear

from *Almour v. Pace*, 90 U.S. App. D.C. 63, 193 F. (2d) 699; *U.S. ex rel Lindeman et al. v. Watkins*, 73 F.S. 216, reversed on other grounds 164 F. 2d 457; *Richfield Oil Corp., v. U.S. et al.*, (CCA-9) 207 F. 2d 864; *U.S. ex rel De Lucia v. O'Donovan*, 82 F.S. 435, affirmed 178 F. 2d 876. In view of the fact that appellants have charged appellees with unfair, unreasonable and unlawful actions and have asserted that the cumulative impact of appellees' actions has been to convert the proceedings before the Patent Office into a grossly unfair, arbitrary and unconscionable exercise of power, contrary to law, depriving appellants of their substantive and procedural rights (Br-27, 28), it is necessary to emphasize that the Administrative Procedures Act, upon which appellants rely now to clothe the District Court with jurisdiction, is operative only to provide an alternative in the absence of a "special statutory review proceeding". Such an alternative, to repeat, does not apply here, since there is no question about the presence and entire adequacy of the "special statutory review proceeding", provided by 35 U.S.C. 145, or its predecessor statute R.S. 4915. Every objection and complaint now pressed by appellants (Br-28, 29) respecting the examination of their application for patent in the Patent Office would have been cognizable by the District Court, in the trial of their civil action, had appellants seasonably commenced the civil action under the applicable statute. In view of the belatedness of their action, it is submitted that the District Court properly and correctly decided that jurisdiction did not lie under the Administrative Procedures Act (5 U.S.C. 1009) in granting appellees' motion to dismiss.

Reason exists, apart from the foregoing, for granting

appellees motion to dismiss on the ground that no jurisdiction exists under 5 U.S.C. 1009. The reason is that appellants' application is no longer pending, but instead, stands abandoned, and, therefore, is not now open for consideration either in the Patent Office or the courts. Appellants' complaint (J.A-22) requests among other things that the Court (1) direct that the application be revived, and (2) direct that the application be reconsidered by the Board of Appeals on the basis of newly presented evidence. The District Court clearly has no jurisdiction to revive an application, or to direct the Board of Appeals to reconsider the involved application. Only the Commissioner of Patents has the power to revive an application or to excuse the delay in prosecution (35 U.S.C. 133), and only the Board of Appeals has power to grant rehearings or reconsideration of their decisions (35 U.S.C. 7). To grant the District Court jurisdiction in these areas of Patent Office administration would be completely extra-judicial. As pointed out in *Hammond v. Hull et al.*, 76 U.S. App. D.C. 301, 131 F. 2d 23 interference by the courts with the performance of the ordinary duties of the executive departments or agencies would be productive of nothing but mischief, and as indicated in *Proctor and Gamble Co. v. Coe*, 68 App. D.C. 246, 96 F. 2d 518 this Court refused to interfere under general equity powers with the action of the Commissioner in a trade-mark matter where clear illegality in the Commissioner's actions was not shown. The Commissioner having exercised the discretion given him by Congress and having decided that the application stands abandoned, the District Court properly decided it had no jurisdiction to determine whether he was right or wrong.

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Appellant's reliance upon 28 U.S.C. 1331 is also misplaced. Congress having provided a special statutory review proceeding for applicants dissatisfied with the decision of the Board of Appeals of the Patent Office (35 U.S.C. 145) an adequate and complete remedy is thus provided by law, irrespective of the amount in controversy. Under these circumstances appellants' catch-all reference to and reliance upon the "Constitution, laws or treaties of the United States" is wholly nugatory. *Kling v. Horing*, 56 App. D.C. 153, 11 F(2d) 202.

Another burden of appellants' brief (Br-31-36) is that the District Court relied upon matter outside the record before it (Br-36). Specifically appellants assert (Br-32) that the Court in its oral statement (J.A-49) granting the motion, attached significance to a statement made by appellees' counsel quoting or paraphrasing a sentence from one of the decisions of the Assistant Commissioner refusing to revive the application. This contention is without substance and meritless; only direct facts set forth in the complaint, and facts derivable therefrom were considered by the Court. Count I of the complaint (J.A-4) stated that appellants had filed a petition to the Commissioner seeking revival of their application, invoking the authority granted that official by 35 U.S.C. 133; that the petition was denied originally on July 10, 1956 and the denial was adhered to in further decisions rendered in 1957 and 1958; and that by the terms of 35 U.S.C. 133 the sole issue presented by a petition for revival is whether the delay in prosecuting the application was avoidable (J.A-5). The fact that the appellants sought revival under 35 U.S.C. 133 is evidence of the fact that their

application became abandoned, because of the failure to take further appropriate action after the adverse decision of the Board of Appeals on November 17, 1950. An abandoned application may be revived only if it is shown to the satisfaction of the Commissioner that the delay in prosecution, or in this case the failure to seek appropriate review of the Board's decision within the time fixed by the statute and rules was unavoidable (35 U.S.C. 133). The denial of appellants' petition for revival by the First Assistant Commissioner, under the delegation of duties authorized by 35 U.S.C. 3 was, in effect, the denial by the Commissioner. The statute granted the Commissioner broad judicial discretion in providing as the only criterion for revival that it must be shown to the satisfaction of the Commissioner that the delay was unavoidable. Manifestly in denying a petition, the Commissioner is not satisfied that the delay was unavoidable. Regardless of what other findings may or not be made in the decision denying revival, implicit in that denial is a finding that the showing made on the question of delay was unsatisfactory. The language of the District Court referred to by appellants (Br-31), which forms the basis for their allegation of error, recognizes that implicit fact. Merely because the court stated that it was "unfortunate" that the Commissioner did not use a few more words, does not necessarily mean that the conclusion reached that "there has been compliance with the requirements of the statute" is based upon anything other than the fact of denial of appellants' revival petition. In other words since the necessary implication of the Commissioner's decision is that he found that the showing of unavoidability did not satisfy him,

and that is all that he had to find under the statute, the District Court did not reach out for extra-pleading matters to reach the conclusion it did. Hence *Sardo v. McGrath*, 90 U.S. App. D.C. 195, 196 F. 2d 20, relied upon by appellants on this issue (Br-35) in inapposite.

Part III of appellants' brief (Br-36-48) is predicated on the assumption that the District Court has jurisdiction in this case (Br-36), and therefore the questions raised will be discussed briefly herein. The first contention (Br-37) is essentially answered in the preceding portion of this brief. Congress did not require the Commissioner to make any findings in determining whether to excuse a delay or whether not to excuse a delay in prosecution. The statute places no metes or limits on the Commissioner's discretion; only that he be satisfied that the delay was unavoidable. Implicit and inherent in the denial of appellants' petition to revive is a judicial determination that the showing presented on this question did not satisfy the Commissioner. Since satisfaction and unavoidability are interwoven in the statutory scheme and language, it is submitted that the Commissioner made the determination Congress empowered him to make.

Appellants' second contention (Br-38) is that appellees' denial of the revival petition is based upon an asserted illegal limitation upon the right of revival conferred by 35 U.S.C. 133. That limitation related to the statement that the petition was not accompanied by an amendment which, in the opinion of the Examiner would place the case in condition for allowance. The requirement for an appropriate response or amendment is clearly set forth in Patent Office Rule 137. What is appropriate obviously depends upon the

particular case and the extent and stage of prosecution. In the involved application, where normal prosecution in the Patent Office had been closed by the adverse decision of the Board of Appeals, there were but two possible courses open to appellants, namely, court review and an amendment which would place the case in condition for allowance, if such amendment were possible. Even in cases where under the Rules of Practice prosecution has been closed the Patent Office has not been adverse to re-opening prosecution if a proposed amendment will permit the Office to issue a patent without delay. That practice has carried over into the revival practice as a factor the Commissioner will consider in making his determination of whether or not to revive an application. That practice is exemplified in the case of *Chessin v. Robertson*, 61 App. D.C. 376, 63 F. 2d 267 which is completely analogous on this aspect of the case. This Court in its decision quoted from the Commissioners' decision suggesting that the question of revival would be reconsidered "if the applicant so requests and accompanies that request with an amendment which the Examiner reports puts the case in condition for allowance, and at the same time pays the final fee.", and seemed to put a stamp of approval on that practice. Under these circumstances it would seem that appellants' charge of illegality is without foundation and without substance.

Appellants' third contention (Br-41) challenges the correctness of the Commissioner's determination of avoidability, and asserts that it is erroneous as a matter of law, arbitrary and capricious. This contention is based upon (1) the fact that the involved application was in the exclusive control of an agency of the United

States, the Alien Property Custodian, until April 1954, and (2) that appellants were barred from presenting evidence needed to establish error in the Board's decision because of security requirements of the United States. With respect to appellants' first contention it is submitted that, even assuming the period of control by the Alien Property Custodian relieves appellants of any duty to proceed, in view of Section 32 (d) of the Trading with the Enemy Act, there still remained a substantial period after control was restored to appellants before they took any action. As appears from the record control was restored in April 1954, and the first request for revival was not filed until August 1955. Among other things the Commissioner was called upon to decide whether that period of delay was unavoidable, when appellants invoked his authority under 35 U.S.C. 133. Whether he decided right or wrong is not the question. Having jurisdiction to decide, and having decided that that period of delay among others was not explained to his satisfaction, the District Court was constrained to hold that the court had no authority to review his determination. *Wigton v. Coe* 62 App. D.C. 367, 68 F. 2d 414. With respect to appellants' second contention (Br-43) it suffices to say that the penalties referred to in the Atomic Energy Act of 1946 have no application to this case. The only evidence which would have been proper in this case would have been evidence in explanation of the delay in presenting the petition to revive, or evidence of the knowledge or information available at the time the application was prepared in 1939 or 1940 to show that the examiner's holding of insufficient disclosure was in error. Note also that the penalty of the Atomic Energy Act (Br-45) applied only if the disclosure of restricted

information was with intent to injure the United States or with intent to secure an advantage to any foreign nation. Clearly such prohibition does not apply to evidence to be used in an application on file in the United States Patent Office. And insofar as appellants contend (Br-45) that they were not obligated to present evidence to meet the Examiner's objection it must be remembered that the statute (35 U.S.C. 101) permits the Patent Office to grant a patent only where invention, novelty and utility coexist, that operative-ness is an aspect of utility, and that each of these elements must be satisfied if the Patent Office is not to act ultra vires in the grant of a patent. *In re Henze*, 37 CCPA 1009, 181 F. 2d 196. And insofar as appellants contend that they have been denied a fair hearing (Br-46) because the adverse decision of the Board resulted, in part at least, from the deliberate failure of the Examiner to disclose facts in his possession inconsistent with the position urged by him and adopted by the Board (Br-47), it suffices to say that facts disclosed in applications of others stand in a confidential relationship (35 U.S.C. 122), that the sufficiency of the disclosure of appellants' application must be considered as of the time that application was written and filed, and that events occurring after that date and disclosure in applications of others filed subsequent thereto, can not be used to bolster appellants' disclosure. The right to a patent depends upon the application disclosure originally presented and that disclosure cannot be supplemented by new matter (35 U.S.C. 132). The burden is upon the applicant to prove that a proper statutory disclosure has been presented and neither the applicant nor the Examiner is entitled to rely upon matters outside the application disclosure in support of the burden.

CONCLUSION

It is respectfully submitted that the District Court's order granting appellees' motion to dismiss and dismissing the complaints was proper, and that affirmance of that order is merited.

Respectfully submitted,

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Solicitor, United States Patent Office,
Attorney for Appellees.

J. SCHIMMEL,
of Counsel.

April, 1959.

REPLY BRIEF FOR APPELLANTS

United States Court of Appeals

FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 14,929

COMMISSARIAT A L'ENERGIE ATOMIQUE

*United States Court of Appeals
For the
District of Columbia Circuit*

JEAN HENRI HALBAN,
JEAN FREDERIC JOLIOT

and

LEW KOWARSKI,

Appellants,

FILED MAY 18 1959

Joseph W. Stewart

CLERK

v.

ROBERT C. WATSON,
COMMISSIONER OF PATENTS,
ARTHUR W. CROCKER,
FIRST ASSISTANT COMMISSIONER OF PATENTS

and

SINCLAIR WEEKS,
SECRETARY OF COMMERCE,

Appellees.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

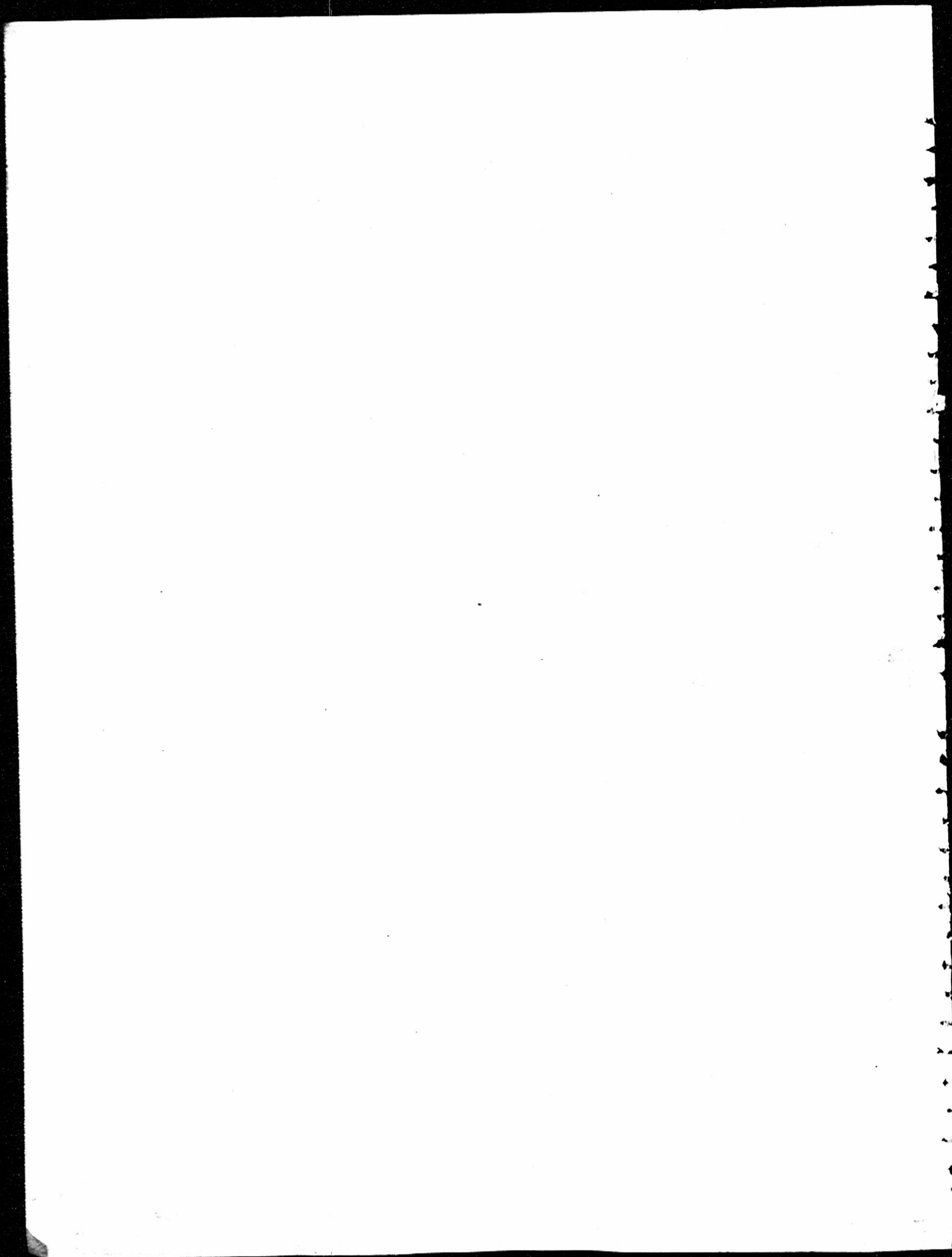
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UNITED STATES COURT OF APPEALS
For The District Of Columbia Circuit

No. 14,929

COMMISSARIAT A L'ENERGIE ATOMIQUE
JEAN HENRI HALBAN,
JEAN FREDERIC JOLIOT
and
LEW KOWARSKI,

Appellants,

v.

ROBERT C. WATSON,
COMMISSIONER OF PATENTS,
ARTHUR W. CROCKER,
FIRST ASSISTANT COMMISSIONER OF PATENTS
and
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Appellees.

APPEAL FROM THE UNITED STATES DISTRICT COURT
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REPLY BRIEF FOR APPELLANTS

I. INTRODUCTION

The motion to dismiss in this case was based on two grounds:
(1) lack of jurisdiction, and (2) failure to state claims upon which relief
can be granted. Appellants' brief discussed both issues, treating them
separately. The brief for the Commissioner appears to rest his posi-

tion on asserted want of jurisdiction. Thus, the Statement of Questions Presented states only two questions, both of which are concerned solely with jurisdiction. The Summary of Argument makes four points, all of which are concerned solely with jurisdiction. Consistent with the opening portions of the Commissioner's brief, most of the argument in the brief is addressed to the issue of jurisdiction. However, the last six pages of the Commissioner's brief (pp. 18-23) are devoted to the questions whether the Commissioner of Patents made the determination required by statute and whether that determination was arbitrary or based on an erroneous view of the law. This later portion of the brief, although merged into the argument without separate identification, is apparently addressed, therefore, not to the question of jurisdiction, but to the question whether the complaint states claims upon which relief can be granted.

The Commissioner's contention on the issue of jurisdiction is an absolute one. He states that "the statute places no metes or limits on the Commissioner's discretion" (Com. Br. 20). He asserts that "Congress did not require the Commissioner to make any findings" on the question whether a delay is avoidable (Com.Br. p. 20), and that nothing need be shown to support the Commissioner's determination "other than the fact of denial of appellants' revival petition" (Com. Br. 19). He asserts that regardless of what, if any, determinations the Commissioner made, or what, if any, grounds he may have had for those determinations, any inquiry by the District Court into the basis of his action "would be completely extrajudicial." (Com. Br. 17). Thus, the Government is unwilling to concede that there could ever be a case in which the Commissioner's action on a petition for revival could be reviewed by a court for any purpose and to any degree.

It is on this claim to naked and unreviewable power that the Government's position on this appeal must depend. Only if there is a total lack of jurisdiction in the District Court to review the Commissioner's

action would that court have been justified in disposing of this case on motion to dismiss. If the District Court had jurisdiction, then we submit that the case ought not be disposed of on motion to dismiss. In our view the allegations of the Complaint, if proved, clearly entitle appellants to relief. But even if this were doubtful, those allegations at least raise issues of sufficient gravity so that a court ought not to dispose of them on bare pleadings without having properly before it the full Patent Office record and such other evidence as it may deem admissible and the parties may wish to present. (See Points II and IV of our main brief.)

We believe it is essential on this appeal to distinguish clearly between the issue of jurisdiction and the issue whether the Complaint states claims on which relief can be granted. In the first place, we interpret the District Court's action as assuming jurisdiction of the case and dismissing the Complaint for failure to state claims on which relief can be granted (See App. Br. 16). The Commissioner does not take issue with that interpretation. Thus, the main theme of his brief asks this Court to affirm the District Court on a ground which the District Court, at least inferentially, rejected. In the second place, once it is held that the District Court had jurisdiction, then the question arises whether the summary disposition of the case on a bare pleading is appropriate, or whether a more complete record should not be made before the merits of the claims pleaded are determined. That question is not even mentioned in the Government's brief.

II. THE DISTRICT COURT HAD JURISDICTION OF THE ACTION

A. THE DISTRICT COURT HAD JURISDICTION UNDER 35 U.S.C. § 145

Count VII of the complaint is based on 35 U.S.C. § 145 and seeks the issuance of a patent on the claims set forth in the complaint.

Our opening brief supported that count on the theory that to the extent that the Commissioner of Patents had decided substantive questions of patentability which were properly the province of the Board of Appeals, his decision was subject to review under 35 U.S.C. § 145, as if it were the decision of the Board of Appeals (App. Br. 29-30). On this theory, the cause of action was filed within the time specified by the statute, since it was filed within 60 days of the decision of the Commissioner.

Further consideration of the questions framed by the Commissioner in his brief and discussed in the first two numbered points of his summary of argument has led us to conclude that there is an alternative theory on which Count VII can also be sustained, namely that the Court has authority under 35 U.S.C. § 133 to entertain an action under § 145 filed more than 60 days after the decision of the Board of Appeals if it determines that the delay in filing that action was unavoidable. Since this theory is clearly within the questions presented both by appellants and by the Commissioner, and is necessarily presented by Count VII of the complaint and the motion to dismiss that Count for want of jurisdiction, we believe it is properly before this court for consideration.

The position which we urge is founded on the explicit holdings of Gandy v. Marble, 122 U.S. 432 (1887) and United States ex rel. Baldwin Co. v. Robertson, 265 U.S. 168 (1924). Gandy v. Marble was a bill in equity filed under R. S. 4915 (the predecessor of 35 U.S.C. 145). The bill was filed over 3 years after the last action in the case (a decision of the Supreme Court of the District of Columbia affirming on appeal the rejection of the patent application), and the sole question at issue was

whether a bill so filed could be entertained. The court held that the provisions of R. S. 4894 (present 35 U.S.C. § 133) were applicable to such a proceeding and that the failure of the applicant to prosecute his application within two years after the last action taken in the case required the dismissal of the bill. In so holding, however, the court made it clear that its decision rested on the fact that "No excuse for the laches and delay is set up in the bill and none is shown in the proofs, nor is it alleged in the bill that the delay was unavoidable" (p. 439). It pointed out that a proceeding under R. S. 4915 is "necessarily, a part of the application for the patent," and it went on to say:

"In the present case, there would be no compliance with the requirements of law, in view of the delay for more than two years, unless it be shown to the satisfaction of the court that the delay was unavoidable. The jurisdiction of the application being transferred, pro tanto, to the court, by virtue of the bill in equity, it cannot adjudge that the applicant is entitled, according to law, to receive a patent, unless he shows to the satisfaction of the court that the delay was unavoidable, under an allegation to that effect in the bill. The presumption of abandonment, under § 4894, unless it is shown that the delay in prosecuting the application for two years and more after the last prior action, of which notice was given to the applicant, was unavoidable, exists as fully in regard to that branch of the application involved in the remedy by bill in equity as in regard to any other part of the application, whether so much of it as is strictly within the Patent Office, or so much of it as consists of an appeal to the Supreme Court of the District of Columbia under § 4911. The decision of the court on a bill becomes, equally with the judgment of the Supreme Court of the District of Columbia on a direct appeal, under § 4911, the decision of the Patent Office, and is to govern the action of the Commissioner. It is therefore clearly a branch of the application for the patent and to be governed by the rule as to laches and delay declared by § 4894 to be attendant upon the application." 122 U.S. at 440 (Emphasis supplied)

The Baldwin case involved the question whether an action to enjoin the cancellation of a trademark could be maintained under R. S. 4915. The court held such an action could be maintained. It then went on to consider the question whether the bill was filed in time. That question arose because the bill had been filed more than a year after a decision of the Court of Appeals directing the Commissioner to cancel the trademark registration. Baldwin had filed an appeal and application for certiorari in the Supreme Court which were dismissed and denied on the ground that the decision of the Court of Appeals was not a final judgment and was therefore not reviewable by the Supreme Court. (265 U.S. at 177) On the question of timeliness, the Supreme Court stated:

"Finally, it is objected that this bill was not in time. It was filed more than two years and two months after the decision of the Court of Appeals in the first appeal from the Commissioner of Patents. It is contended that, under Gandy v. Marble, 122 U.S. 432, § 4894 Rev. Stats., applies to any bill in equity under § 4915, and compels the dismissal of the bill if it is not prosecuted within one year after the adverse decision in the Court of Appeals, unless it appears to the satisfaction of the court that the delay was unavoidable. In re Hien, 166 U.S. 432, 438; American Steel Foundries v. Robertson, 262 U.S. 209, 212, 213. There was here, however, justification for the delay in the appeal taken to this court, which was dismissed. 256 U.S. 35. That decree was entered April 11, 1921, and this bill was filed within thirty days thereafter. We think there was no laches or abandonment." 256 U.S. at 181-2 (Emphasis added.)¹

¹ In re Hien, 166 U.S. 432 (1897), cited in the Baldwin case, held that the 2 year statute of limitations of R. S. 4894, did not restrict the express authority of the Court of Appeals for the District of Columbia to provide, by rule, the time for appeal to that court under R. S. 4911 (the predecessor of 35 U.S. 141). The court distinguished Gandy as involving a bill in equity under R. S. 4915 (now 35 U.S.C. 145) and reaffirmed the Gandy rule as to such a bill in equity. The present case comes squarely within the Gandy case and not the Hien case.

Thus the Gandy and Baldwin cases establish the following propositions: (1) The proceeding by bill in equity provided by R. S. 4915 (now 35 U.S.C. 145) is "a part of the application for patent"; (2) a failure to file a bill in equity within the time specified after a final denial of a patent by the Patent Office is a "failure to prosecute the application ... after any action therein" within the meaning of R. S. 4894 (now 35 U.S.C. 133); (3) when a bill in equity is filed under R. S. 4915 (now 35 U.S.C. 145) the court's authority to decide the issues de novo includes the authority to decide de novo whether the delay in further prosecuting the application was avoidable, and the court may entertain the bill if "the court is satisfied" that the delay was unavoidable.

These principles are equally applicable to the present 35 U.S.C. 133. That section is directly patterned on R. S. 4894. The only significant difference in language is that the time after which an application will be deemed abandoned, unless the delay in proceeding is found unavoidable, is reduced from two years to six months or such shorter time, not less than thirty days, as may be fixed by the Commissioner.

We have found no subsequent court decisions restricting the principles set forth in the Gandy and Baldwin cases. Both cases were cited with approval in Hoover Co. v. Coe, 325 U.S. 79, 88 (1945) and have been often cited by other federal courts. Indeed, this Court in the recent decision of Watson v. Bruns, 99 App. D.C. 327, 239 F. 2d 948, 951 (1956), decided subsequent to the Patent Act of 1952, cited the Gandy case for the proposition that:

"The independent proceeding under 35 U.S.C. § 145,
is all part of the process for obtaining a patent,"

and quoted from another portion of the same paragraph from which we have quoted above.

Nothing in the history of the Patent Act of 1952 suggests an intention to render these principles inapplicable to present day circumstances.

The Committee Reports on the Patent Act of 1952 (House Report 1923, Senate Report No. 1979, 82 Congress, 2nd Session) state, of chapter 12 (in which section 133 is contained):

"Very little has been changed in this group of sections except a minor revision in the interference section."

Of Chapter 13 (in which Section 145 is contained) the Reports state:

"This group of sections makes no fundamental changes in the various appeals and other reviews of Patent Office action."

The revisers' notes appended to the Committee Reports, likewise do not suggest any intention to overrule the Gandy and Baldwin cases on the propositions for which we have cited them.

It is well established that:

"it will not be inferred that Congress, in revising and consolidating the laws, intended to change their effect, unless such intention is clearly expressed."

Fourco Glass Co. v. Transmirra Products Corp., 353 U.S. 222, 227 (1957) and cases cited. No such intent can be found here in either the text or the history of the 1952 Act.²

When Gandy was decided there was no time specified for filing a bill in equity. The fact that the new Patent Act specifies a time for filing such a bill does not render the principles of Gandy and Baldwin inapplicable. The Commissioner has established, pursuant to the authority of 35 U.S.C. 145, a time limit of 60 days within which to file a bill in equity. This time limit is wholly compatible with 35 U.S.C. 133, which provides that an application will be deemed abandoned for failure

² The arrangement of the sections of the new Act essentially corresponds to that of the Revised Statutes, except that chapter headings have been supplied. Assuming that any relevant intent whatever could be inferred from such insertion of headings, such an insertion does not amount to the clear showing of intent to overrule prior settled doctrines required by the Fourco case.

further to prosecute it "within six months after any action thereon . . . or within such shorter time, not less than thirty days, as fixed by the Commissioner in such action." Since the Commissioner has fixed a shorter time, not less than thirty days, within which an applicant must proceed after an adverse decision of the Board of Appeals, the effect of 35 U.S.C. 133 is that a patent application becomes abandoned following a decision of the Board of Appeals, upon failure to further prosecute it within the 60 days specified by the Commissioner, unless the delay in prosecuting it is shown to be avoidable.³ The further effect of the Gandy case is that the court has power to determine, de novo, whether the delay was avoidable or unavoidable.⁴

The complaint in the present case clearly alleges that the delay in filing the suit under 35 U.S.C. § 145 was unavoidable. The government has pointed out that under § 32d of the Trading with the Enemy Act, the time for filing such an action began to run from the date on which the patent application was returned to appellants - i.e. from April, 1954. Any delay between June, 1954 (60 days after the return), and August 1955 (when the petitions to revive an reconsider were filed in the Patent Office) is fully explained by the fact that appellants were prohibited by the Atomic Energy Act from presenting the evidence needed to overcome the Board's objections to the application. See particularly count III of the complaint (J.A. 8-12). Once appellants had filed petitions for revival and reconsideration with the Patent Office they were clearly warranted in postponing any application for judicial relief until the administrative consideration of their petitions had been completed. Indeed, had they filed an action in court while those petitions were still pending before the administrative body, their action would doubtless have been dismissed on the ground that they had failed to exhaust their administrative remedies.

³ Indeed, unless Sec. 133 is thus applicable, an application could never be abandoned following an adverse Board of Appeals decision.

⁴ The question of the present vitality of the Gandy case is also presented in No. 14, 964, Eckey v. Watson.

B. THE DISTRICT COURT HAD JURISDICTION
UNDER ITS GENERAL EQUITY POWERS
AND THE ADMINISTRATIVE PROCEDURE ACT

Even assuming that this Court should hold that the District Court does not have authority to entertain a complaint under 35 U.S.C. 145 for the reasons urged in Point A, above, appellants submit that the court at least has authority to review the Commissioner's decision to the limited extent indicated in our opening brief. The Commissioner's position that the District Court has no jurisdiction to review, under any circumstances and to any extent, the decision of the Commissioner refusing revival, relies essentially on precedent. Citing Cregier v. Coe (cited in our main brief at p. 25), the Commissioner states:

"In view of this adjudication all the broad principles propounded in appellants' brief and the cases cited (Br. 20-25) are of no significance." (Gov. Br. 12).

We do not believe this Court has ever felt itself so bound by precedent that it is unwilling even to examine a prior decision to determine its consistency with the trends of decisions in related fields. But, in fact, it is unnecessary for this Court to overrule or modify the Cregier case, for that case, as interpreted in this Court's later decision in Hastings v. Coe (cited in our main brief at pp. 25-6 and not mentioned by the Government), does not support the Government's contention of a total want of jurisdiction.

In Hastings v. Coe, the patent application became abandoned in March, 1914. Nothing further was done until November, 1935, 21 years later. Hastings alleged poverty, but this condition ended in 1923. The only explanation of the 12 years' further delay was that certain Supreme Court decisions, announced in 1935, were said to show the error of the Patent Office rejection. Such a showing plainly did not excuse the 12 years delay, and the Court would clearly have been warranted in a summary affirmance, without opinion, of the District Court's dismissal of the complaint. Nevertheless, the Court wrote an opinion a page and a

half long, discussed in detail the facts relating to the asserted justification for the delay, and took great pains to make it clear that it was approving the dismissal only because it agreed, as an independent matter, with the Commissioner's decision. In effect, what the Court did in Hastings v. Coe was to apply the rule of Gandy v. Marble and consider, de novo, the question whether the delay had been shown, to the satisfaction of the court, to be unavoidable. Since the pleadings and the Patent Office record thereto attached wholly failed to show facts which could on any conceivable view excuse the delay, the dismissal of the complaint was approved.

In so holding this Court was fully aware of its prior decisions in the Cregier and Chessin cases, and cited them, in a footnote, for the proposition that:

"In situations substantially identical to that presented here, we have refused to disturb the ruling of the Commissioner." (99 F. 2d at 130 n) (Emphasis added)

By this reference and by its independent review of the facts bearing on the delay, the Court clearly limited Cregier and Chessin to their own facts. As thus limited, those cases are consistent with this Court's earlier and later decisions, cited in our main brief at pp. 25-6, and do not support the Commissioner's position.⁵

The Commissioner's attempt to distinguish Steinmetz v. Allen, Butterworth v. Hoe, Coe v. United States, and the other patent cases cited in our main brief at p. 21 as involving orders which were considered "final and appealable" is patently unsuccessful. In each case it

⁵ As indicated, we believe this Court, in Hastings, was applying the independent review which the Gandy and Baldwin cases called for. An alternative and narrower interpretation is that it was reaffirming the rule of Martin v. Robertson (cited in our main brief at p. 26), that:

"In the absence of any showing that his action was arbitrary or capricious, no court has jurisdiction to review [the Commissioner's] action." (Emphasis added).

and interpreting the statements in Cregier and Chessin as to lack of jurisdiction as necessarily containing the qualification which was made explicitly in the above quotation.

was precisely because the Commissioner's order was not appealable to the courts under the statute that the extraordinary remedy of mandamus was allowed.⁶ The basis of decision was that the Commissioner's action, unless remedied by mandamus, would deprive the applicant of his statutory right to prosecute his application, and obtain judicial review of Patent Office actions thereon. Moreover, as we have pointed out, the Commissioner's action here is final in the sense that it has the practical effect of denying appellants a patent (App. Br. 27 n.)

The Commissioner's further statement (Com. Br. 13) that "whether appellants do or do not have a remedy under other statutes or rules of law is not in issue at this point," wholly mistakes the nature of our pleading. We have invoked the general equity jurisdiction of the District Court (which includes, under Rule 81 of the Federal Rules of Civil Procedure, the authority to grant relief in the nature of mandamus and prohibition), as well as Sec. 10 of the Administrative Procedure Act, which expressly authorizes judicial review, "in the absence or inadequacy" of a statutory mode of review, by "any applicable form of legal action." We have prayed for "such other and further relief as the court may deem just and proper" (J. A. 23). Hence there can be no question of our having invoked the wrong remedy; if we are entitled to any judicial relief of any kind, we believe our present pleading is adequate to invoke such relief. In that connection it may be noted that the Cregier and Chessin cases were apparently filed solely under R. S. 4915; they did not invoke the general equity powers of the court or its power to issue writs of mandamus. Indeed, Shoemaker v. Robertson, 60 App. D.C. 345, 54 F. 2d. 456 (1931), relied on in Chessin, expressly left open the possibility of mandamus in a case where R. S. 4915 was inapplicable, stating, "As to the proper remedy, if any, see Steinmetz v. Allen"

⁶ The phrase "considered as final and appealable" is quoted out of context from Steinmetz v. Allen. The Court was there referring to an order of the Examiner, from which it said appeal should have been allowed either to the examiners-in-chief or the Commissioner. It was to require the Commissioner to direct such an appeal that the writ of mandamus issued. The Court clearly was not saying that the examiner's order was appealable to the Courts under R. S. 4911 or 4915.

In short, the issue here is whether appellants are entitled to any judicial remedy. To deny all jurisdiction in the courts to grant relief would be inconsistent with the intent of Congress to provide judicial remedies

"for correction of erroneous adverse rulings, which in unreversed would end the proceedings in the Patent Office." Hoover Co. v. Coe, 325 U.S. 79, 87 (1945).

Thus it is clear that, prior to passage of the Administrative Procedure Act, appellants were entitled to judicial relief. Surely that Act did not take away any pre-existing remedy of appellants; its purpose was to "expand the availability of judicial review." Heikkila v. Barber, 345 U.S. 229, 232 (1953).

The Commissioner's argument that the Administrative Procedure Act precludes judicial review in this case falls of its own weight. In the first place, the argument is circular. Having argued that there is no statutory remedy from a decision refusing to revive a patent application, the Commissioner then argues that there is no non-statutory remedy because there is "wholly complete and adequate remedy" under the statute. (Com. Br. 15). The argument, of course, assumes the point at issue; it necessarily assumes that any delay in further proceedings following the return to appellants of their application was unjustified. Second, the Government's reliance on Hammond v. Hull and Proctor and Gamble Co. v. Coe (Com. Br. 17) is misplaced, since both cases expressly recognize a right to a judicial relief from administrative action which is either arbitrary and capricious or contrary to applicable rules of law. And finally, the argument that that Act wholly denies judicial review of all decisions involving discretion was fully disposed of by this Court in Homovich v. Chapman, cited in our main brief at p. 23 and not referred to by the Commissioner.

III. THE COMPLAINT STATES CLAIMS UPON WHICH RELIEF CAN BE GRANTED

The Commissioner's discussion of whether the Complaint states claims on which relief can be granted has reduced the issues on this appeal. The Commissioner, as we understand his position, now concedes that by reason of Section 32(d) of the Trading with the Enemy Act, appellants' time for taking any action with respect to the decision of the Board of Appeals did not begin to run until the return of the application to them in April, 1954. (Com. Br. 11) Thus the question whether delay was avoidable or unavoidable is confined to a period of a little over a year, from June, 1954 (60 days after the application was returned) to August 1955, when appellants filed their petitions for revival and reconsideration.⁷

The Complaint clearly alleges that any delay in proceeding during that period was the result of the fact that the holding of the Board of Appeals that the invention was not shown to be operative placed upon appellants the burden of producing evidence of operativeness which they could not produce without violating the laws of the United States (See Count III, and particularly pars. 22 and 23, (J.A. 9-11)). The Commissioner makes no argument that a failure to produce evidence which one is prohibited by law from producing is "avoidable"; he merely argues that there was no such prohibition as to any relevant evidence. This argument would appear to present an issue of fact, which cannot be determined by motion to dismiss. But in any event the argument is unsound.

First, the Commissioner states that the only evidence which would have been relevant to refute the Board's conclusions was "evidence of the knowledge or information available at the time the application was prepared in 1939 or 1940" (Com. Br. 22; cf. p. 23). The Commissioner's statement is not the law. It is well settled that an applicant for patent need not

⁷ The Commissioner's statement that "the latest date for taking action would have been sometime (sic) in February, 1954" rests on a double error. The Commissioner first misstates the date of return as December 1954, instead of April 1954 (J.A. 3). He then adds 60 days to December 1954 to arrive at February 1954, instead of 1955.

wait until he has constructed and operated his invention before filing his application (e.g. Application of Chilowsky, 229 F. 2d 457 (C.C.P.A. 1956)), and that operativeness of an invention may be shown by proof of construction and operation by the inventor or others, subsequent to the filing of the application, of models of the invention built in accordance with the application disclosure.

Thus, in The Telephone Cases, 126 U.S. 2, 535-7 (1888) the Court pointed out that "When Bell applied for his patent he had never actually transmitted telegraphically spoken words so that they could be distinctly heard and understood at the receiving end of his line," but that "the proof is abundant and of the most convincing character that other instruments carefully constructed and made exactly in accordance with the instructions and without any additions whatever, have operated and will operate successfully."

Indeed, in a number of cases a patentee has been allowed to prove the operativeness of his invention by a demonstration in court of the actual operation of models constructed for the purpose of trial. Thus, in Monarch Marking System Co. v. Dennison Mfg., 92 F. 2d 90-92 (C.A. 6, 1937), a patentee was permitted to demonstrate the apparatus covered by his patent "before the master." In Steiner Sales Co. v. Darman Mfg. Co., 33 F. Supp. 422, 425 (N.D. N.Y. 1940), the patentee was permitted at the trial to demonstrate the operability of a model of his patented apparatus, built for the purpose of the trial in accordance with the disclosures of the patent. In Gilfred Corp. v. Eversharp, Inc., 43 Fed. Supp. 645, 646 (S.D. N.Y. 1942), the patentee was permitted to prove operability by a "demonstration at the supplemental hearing of a mechanical pencil made by the defendant according to the [patent] disclosure."

In the present case what appellants sought to adduce was not a demonstration in the Patent Office or in court, but rather evidence of the actual operation by others (including some of the inventors in France and Canada) of nuclear reactors embodying the principles disclosed in their application. We perceive no possible distinction between a demonstration in court and a demonstration out of court, provided the latter can be adequately proved by testimony. In fact, in this case there is

no doubt that large numbers of nuclear reactors have been constructed and successfully operated, and the design features of these reactors, and hence their correspondence to the application's disclosure, are largely a matter of public record.

Since the Board's decision in this case squarely raised the issue of operativeness of the invention (Complaint, Par. 20(b)) the evidence which appellants sought to introduce was clearly relevant.

The Commissioner's second argument has no greater validity. The Commissioner argues that the prohibition of the Atomic Energy Act, against unauthorized disclosure of restricted data "does not apply to evidence to be used in an application on file in the United States Patent Office" (Com. Br. 23)⁸ No authority is cited for this statement. In fact, the prohibitions of the Atomic Energy Act against unauthorized disclosure of restricted data are clearly applicable to judicial and administrative proceedings. Compare United States v. Reynolds, 345 U.S. 1 (1953).⁹

The Commissioner appears to argue that the prosecution of an application for patent on behalf of the French Government would not be an act performed "with intent to secure an advantage to any foreign nation" and that accordingly, Section 224 of the Atomic Energy Act of 1954 (quoted in our main brief) would not be applicable. One wonders whether Government counsel would have had sufficient confidence in this interpretation to be willing, on the strength of it, to risk criminal prosecution and to advise his clients to do so. Moreover, whether or not the prosecu-

⁸ The issue, of course, concerns not evidence "in" an application, but evidence offered in support of an application.

⁹ For administrative proceedings before it, AEC has provided "parallel procedures" for the handling of restricted data under appropriate safeguards. See 10 C.F.R. Part. 2 H. The procedures include the granting of security clearances to parties and their counsel (sec. 2.805), and expressly recognize that parties and counsel who lack such clearances, will be denied access to classified evidence in the record. (Sec. 2.812). No such procedures have been established by the Patent Office for the reception of classified evidence in a case where the application itself is not under secrecy order.

tion of the present application could be held to embody the intent requisite under Sections 224-6 of the Atomic Energy Act, there were other practical impediments to the use of restricted data in support of the present application. For example, § 145 of the Atomic Energy Act requires contractors of the Atomic Energy Commission to agree not to disclose restricted data to any person who had not been investigated and cleared in accordance with procedures of that Section. Section 227 reinforces that contractual obligation with a criminal sanction. Thus, both the applicants and their counsel were, as a practical matter, precluded from obtaining information as to the design and construction of U.S. Government reactors.

Moreover, any attempt by appellants or their counsel to assemble and present classified restricted data, would have given rise to accusations that a foreign government was compromising the security of classified atomic information, and would have jeopardized diplomatic relations between that foreign government and the United States.

In fact the Atomic Energy Act provides detailed and explicit procedures for the exchange of restricted data with foreign governments. Sec. 144 of the Atomic Energy Act, provides that such exchanges may be made only pursuant to an international agreement entered into under Sec. 123 of the Act, upon a Presidential determination in writing that the proposed agreement "will promote and will not constitute an unreasonable risk to the common defense and security." No such agreement can become effective until it has lain before a Committee of Congress for at least 30 days while Congress is in session. These careful safeguards reflect the fact that the whole subject of exchanges of restricted data with foreign governments was one of the most sensitive areas in the atomic energy field. As the Committee Reports on the 1954 Act state, the Joint Committee on Atomic Energy,

"approached these sections of the legislation with great circumspection - preferring to resolve any doubts on the side of caution," (S. Rep. No. 1699, 83rd Cong. 2nd Sess., p. 7).

In these circumstances no responsible counsel would have attempted, or advised his clients to attempt, the assembling and submission to the Patent Office, on behalf of a foreign government, of restricted data which had not been declassified by the United States and hence, by definition, had significance for our national security.

With respect to Count V of the Complaint, based on the failure of the Examiner to disclose facts appearing in the Fermi patent application which were inconsistent with the position argued by him and adopted by the Board concerning the operation of plaintiff's invention, the Commissioner does not deny either non-disclosure or inconsistency, but contents itself with reliance on the argument already answered above, that matters occurring after the filing date of appellants' application could have no conceivable relevance. This Count alone, we submit, requires that the Complaint be not dismissed.

The other matters discussed by the Commissioner relating to the sufficiency of the Complaint to state claims on which relief can be granted, have been fully covered in our opening brief and, in our view, are left essentially unanswered by the Commissioner.

CONCLUSION

For the foregoing reasons, the judgment of the District Court should be reversed.

Respectfully submitted

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